



# **Daily Report—**

## **China**

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# Daily Report

## China

FBIS-CHI-89-033

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## General

### Article Views Afghanistan Withdrawal, Cambodia

HK2102134289 Beijing RENMIN RIBAO  
in Chinese 21 Feb 89 p 3

[“International Outlook” column by Sai Bei (1049 0554): “Lessons That Should Be Learned From the Afghan Issue”]

[Text] In accordance with the Geneva Agreement, the Soviet troops have been withdrawn from Afghanistan completely and unconditionally. However, the domestic situation in Afghanistan remains worrisome.

The Geneva Agreement did not solve the issue of the military assistance that the United States and the Soviet Union continue to offer to the antagonist parties in Afghanistan on a “reciprocal” basis, nor did it make an arrangement for the reconciliation between various political parties in Afghanistan. After the withdrawal of the Soviet troops, the confrontation between the Kabul regime and various resistance forces will be further intensified. The Kabul regime has announced a nationwide state of emergency. International opinion generally holds that if no solution is rapidly found, Afghanistan is very likely to become mired in civil war.

In the late stages of its troop withdrawal, the Soviet Union did not fail to foresee the emergence of such a situation. Earlier this year, it asked the United States to join it in stopping military assistance, and sent its envoys to contact various political factions in Afghanistan in an attempt to seek national reconciliation using the Kabul regime as a base, but these efforts all proved futile. What the Soviet Union could do was supply as much armaments and army provisions as possible to the Kabul regime before the withdrawal of the Soviet troops and then leave the Kabul regime alone to cope with its own trouble.

The lesson learned from the Afghan issue is naturally useful to the ongoing efforts to seek a political solution to the Cambodian issue. The most important point is that aside from the unconditional withdrawal of the foreign troops, efforts must also be made to reach national reconciliation through consultations as equals. Of course, the unconditional withdrawal of foreign troops is still the primary prerequisite. Without this, nothing else can be realized.

However, the Vietnamese authorities drew a strange conclusion from the Afghan case and tried to change the unconditional troop withdrawal from Cambodia into a conditional withdrawal so as to obstruct the settlement of the Cambodian issue.

Not long ago, the Vietnamese authorities vaguely indicated that the Vietnamese troops would be completely withdrawn by the end of this September under these conditions: first, military assistance to various warring factions in Cambodia being stopped gradually alongside the troop withdrawal and

second, national reconciliation being reached by various factions in Cambodia. On the surface, it seems that Vietnam learned a lesson from Afghanistan by putting forward these prerequisites for its troop withdrawal; as a matter of fact, the so-called national reconciliation it proposed included some sinister intentions.

On this issue, Democratic Kampuchea put forward a 5-point proposal, including the simultaneous disbanding of the coalition government of Democratic Kampuchea and the regime in Phnom Penh, and the establishment of a four-party provisional government through consultations as equals to hold general elections. This was a reasonable and sensible proposal. If an agreement is reached on the basis of this proposal, then Cambodia will be able to prevent the same domestic strife presently affecting Afghanistan and will become a peaceful and neutral independent country. However, Vietnam did not accept this proposal and insisted that the general elections be presided over by the regime in Phnom Penh. Its real intention was to make the Phnom Penh regime the sole legal government in Cambodia so that the Heng Samrin faction can solely hold state power by excluding other factions and Vietnam can continue to control Cambodia after its troop withdrawal and gain things that it failed to gain on the battlefields. In the informal four-party talks in Jakarta, Vietnam arbitrarily declared that if the three parties of Democratic Kampuchea did not accept its proposal, it would not complete its troop withdrawal by the end of this September. It is obvious that the Vietnamese authorities tried to use the troop withdrawal as a facade to blackmail the international community.

The Vietnamese authorities now have a false impression, and it seems to them that after Afghanistan, people are all anxious to make a deal with them and the Phnom Penh regime, and are willing to conclude the transaction no matter how high a price they quote on the Cambodian issue. This shows that Vietnam has not really learned something from the Afghan case. If Vietnam feels that it can continue to station its troops in Cambodia without any difficulty, then they can do so and continue to be mired there, but its attempt to blackmail other people will never succeed.

### Envoy Urges U.S., Israeli ‘Flexible Attitudes’

OW2002222089 Beijing XINHUA in English  
1837 GMT 20 Feb 89

[Text] Kuwait, February 20 (XINHUA)—Chinese Ambassador to Kuwait Guan Zihuai has called on both the United States and Israel to adopt flexible attitudes in seeking a solution to the Middle East issue.

“It is time for the U.S. and Israel to reconsider their respective policies in the Middle East. Israel has to adopt flexible attitudes so that it may not miss the historic chance for a settlement,” Guan said in an interview with the Kuwaiti newspaper “AL-ANBA”, which was published today.

The current political developments provide an appropriate atmosphere for the convening of an international conference, he said, hoping that the conference would be convened this year.

Guan said that the United States should continue its dialogue with the Palestine Liberation Organization (PLO), adding "the U.S. bias toward Israel and Israeli intransigence might affect detente."

He reaffirmed China's support for the just struggle of the Palestinian people and firm opposition to Israel's expansionist policy.

On the Iraq-Iran peace negotiations, Guan said that China made efforts to end the Iran-Iraq war and adhered to complete neutrality during the conflict. Ceasefire would not suffice and peace negotiations ought to be resumed, he added.

On the Lebanon crisis, the Chinese ambassador said he appreciated the efforts made by the Arab league mediation committee headed by Kuwaiti Foreign Minister Shaykh Sabah al-Ahmad for a solution to this complicated problem.

He said China has strong and friendly ties with the Gulf Cooperation Council (GCC) states. China established diplomatic relations with both Kuwait and Oman in the 70s, and official relations between China and both the United Arab Emirates and Qatar were established in the 80s. In last November, China and Saudi Arabia agreed to open commercial bureaux in the capitals of the two countries, and commercial and friendly ties between Bahrain and China are developing constantly, Guan added.

All this has enhanced the friendly and commercial ties between China and the Gulf Cooperation Council states with the passage of time, he said.

Asked about the Taiwan issue, he stressed that Taiwan is a Chinese province and an indivisible part of China.

The Chinese Government is opposed to the establishment of official ties and contacts with Taiwan by the states that have diplomatic relations with the People's Republic of China, he said.

**UN Commission Delegate Denies Tibetans Tortured**  
*OW2102032589 Beijing XINHUA in English*  
*0224 GMT 21 Feb 89*

[Text] Geneva, February 20 (XINHUA)—China has rejected allegations of torture against the Tibetans arrested or temporarily detained during riots in Lhasa, Tibet, from October 1987 to March 1988.

The allegations were made in a report submitted to the United Nations Commission on Human Rights by P. Kooijmans, the commission's special rapporteur on torture.

In a speech delivered Monday to the 45th session of the U.N. commission, Chinese delegate Zhang Honghong said that the descriptions of torture in those allegations were "incredibly absurd" and "all sheer fabrications."

Kooijmans's report says that during the riots in Lhasa, several people were kept standing for 14 days while being interrogated and were then left hanging in the air by the interrogators for two more days and nights.

Referring to the alleged torture, Mrs. Zhang said: "Anyone with common sense can see for himself whether those allegations contain any credible element."

She also responded to another allegation which purported that four nuns arrested on March 5, 1988, were subjected to beating, kicking, stamping and that they were stripped and beaten with electric cattle prods.

Mrs. Zhang said investigations conducted by the Chinese Government have shown that a few nuns were detained during the riot on that day in Lhasa. However, she said, the names of the detained nuns differ from those contained in the allegations.

Despite the fact that their acts violated Chinese law, the nuns were released immediately after the judiciary organs decided to drop criminal prosecutions against them following their genuine repentance, she added.

"They were never subjected to any form of torture or maltreatment during the detention," she stressed.

Mrs. Zhang assured the U.N. commission that the Chinese Government has been and will continue to be opposed to torture and other cruel and inhuman treatment or punishment.

"Our goal is the prohibition and elimination of torture and other cruel and inhuman acts," she added.

**Tian Jiyun, Chen Xitong To Chair Trade Meeting**  
*OW1802051389 Beijing XINHUA in English*  
*0231 GMT 18 Feb 89*

[Text] New York, February 17 (XINHUA)—New York-based World Trade Center representatives and trade missions from 57 countries will visit Beijing for the general assembly of the World Trade Centers Association (WTCA) to be held from September 3 to 8.

The annual meeting of the WTCA, to be held in Beijing for the first time, will be a showcase for China's new campaign to export its products and attract overseas investment and joint ventures.

Representatives of the world trade center in Taipei will be invited to visit Beijing and they have announced their plans to participate, WTCA President Guy Tozzoli announced earlier this week.

According to Tozzoli, trade centers worldwide have begun to survey their local areas for firms interested in exploring business opportunities in China.

Honorary chairman of the WTCA general assembly is Tian Jiayun, vice-premier of the State Council, China's highest governing body. The chairman is Beijing Mayor Chen Xitong.

The WTCA has 187 member organizations, including 70 operating world trade centers, 18 under construction and 73 in the planning stages.

World trade centers normally operate a variety of trade education, information and related programs.

The WTCA aids regions in establishing new world trade centers and develops programs of mutual assistance.

**Lessons of 1962 Missile Crisis Viewed**  
*HK2102022289 Beijing JIEFANGJUN BAO  
in Chinese 4 Feb 89 p 4*

[“Weekly Commentary” by Dongfang Tie (2639 2455 6993): “A Nightmare From the Past—Reflections on the Caribbean Crisis”]

[Text] A roundtable discussion held to explore the historical lessons derived from the 1962 missile crisis began last week with the participation of noted statesmen, scholars and political observers from the USSR, the United States and Cuba. Although reevaluation of past events is nothing new, this tête-a-tête between the “three key players” in that crisis is nonetheless a first. Even more remarkable is the fact that the present heads of state of the crisis’ two major antagonists—the United States and the Soviet Union—both extended their greetings to the forum and expressed their approval for a restudy of this historical event. Such an act would have been unthinkable in the past.

How should the event be reassessed and what lessons are to be drawn from it? The participants of the roundtable aired their differing views and exchanged opinions with one another. There is, however, one point that should not be dismissed and that is, a negative lesson drawn from the crisis tells us of the need to transform the old international political order in order to ensure the security of the world.

People from the sixties will recall that the missile crisis was the result of a U.S.-USSR contention for strategic superiority. In July 1962, the Soviet Union began secretly deploying long-range missiles, medium-range missiles and nuclear-capable strategic bombers in Cuba, targeted against the United States. Confronted by a dramatic increase of nuclear missiles right on its doorstep, the United States was both frightened and furious, and regarded the deployment as a serious challenge against it. Consequently, some people suggested conducting a “surgical strike” against the Cuban missiles

sites. Others proposed an armed invasion of Cuba, while still others demanded a naval quarantine of Cuba. Then U.S. President Kennedy adopted this third proposal. At the same time, he also deployed conventional and nuclear forces to counter the threats. Suddenly, both the U.S. and the USSR were at sword’s point with each other in the Caribbean, with a war threatening to break out at the slightest provocation. Eventually, the Soviet Union was forced to make a compromise by withdrawing its missiles from Cuba. Only then was the crisis defused. Yet, in spite of the thwarting of a possible armed conflict, there was never a stop to the global military rivalry and regional contention between the United States and the Soviet Union. In the past 2 decades, the international situation was rocked by countless perilous instances, most of which were instigated by the contention between the two superpowers. It is no wonder that the American and Soviet experts attending the roundtable all agreed that the two countries did not learn their lessons from the Cuban missile crisis.

At the roundtable discussion, then Soviet foreign minister Andrey Gromyko was asked by reporters whether the Caribbean crisis was a result of misunderstanding between the United States and the Soviet Union. Gromyko replied that it was not a case of misunderstanding, but rather of “a difference of opinion.” Be that as it may, it still makes one think how the contention between two countries would drive the entire world to the brink of a nuclear disaster. In the final analysis, this may be attributed to the fact that under the old international political order, world affairs were determined by a handful of major powers whose relations with one another had an impact on overall international relations. Once a conflict breaks out between two superpowers or blocs, the security and stability of the world is seriously threatened. Did the Moscow roundtable not call for the study of the mechanism that gave rise to the missile crisis? In effect, this mechanism is the bipolar system that the two superpowers endeavor to keep in place. As long as there is no change to this old international political order, and the majority of medium and small countries have no control over their own fate, then there can be no effective control over the rivalry and contention between superpowers.

Another prevailing viewpoint credits the resolution of the missile crisis to the “wisdom” of the few leaders at the time. However, this in itself is not a judicious view because it was precisely the decisions of these leaders of the concerned countries which gave rise to the crisis, be it the deployment of missiles by the Soviet Union or the armed confrontational response by the United States. If the numerous defects in the old international political order are not duly recognized and the hope for the safeguarding of the security of all mankind placed solely in the hands of the leaders of a few powers, then it would be very difficult to draw a correct conclusion from this historical event.

To many people in the world, the missile crisis is a nightmare from the past. But to experts on international

strategic issues, it is a "case study" on the management of political and military crisis. In the 20 years since the outbreak of this crisis, the world has undergone enormous transformation. The rise of the Third World, the multipolarization of international strategic forces, the growth of the forces of peace—all these have made it possible for the establishment of a new international economic order as well as of a new international political order, thereby gradually reducing and eliminating the various factors leading to crisis and turmoil.

Let us hope that the nightmare of the missile crisis will never be repeated.

**U.S., South Korea Attend Coal Conference**  
*OW2002190789 Beijing XINHUA in English  
1043 GMT 20 Feb 89*

[Text] Beijing, February 20 (XINHUA)—China will promote cooperation with foreign countries to boost the production of coal and find new ways of using it, the minister of energy resources, Huang Yicheng, said today.

Addressing a coal utilization conference attended by more than 140 representatives from 17 countries and regions, including China, the United States, Federal Germany, Denmark, Sweden, France, South Korea, Israel, and Hong Kong, he said: "China will try to reach a production target of 1.4 billion tons of coal by the year 2000." Its present output is 960 million tons.

He added, China will develop the technology of coal dressing and a coal chemical industry, increase the range of coal products, improve coal quality and reduce pollution.

"To accomplish these tasks," the minister said, "China needs foreign cooperation and support."

He hoped that foreign companies would invest in the development of the energy industry in China.

During the three-day conference, 43 papers will be discussed. The deal with the outlook for coal in China, coal in energy and steel production, coal gasification, environmental issues, and the present condition and future of China's investment climate.

Ernest L. Daman, president of the American Society of Mechanical Engineers (ASME), said China's coal production is the highest in the world, so trading coal with China would be very rewarding.

The conference is jointly sponsored by the Chinese Ministry of Machinery and Electronics Industries, the Ministry of Energy Resources and the ASME.

**Foreign Ambassadors Present Credentials**

**French, Ghanaian Envoys**  
*OW1802101589 Beijing XINHUA in English  
0742 GMT 18 Feb 89*

[Text] Beijing, February 18 (XINHUA)—New French Ambassador to China Charles Malo and new Ghanaian Ambassador to China Jonas Awuku Afari presented their credentials to Chinese President Yang Shangkun on separate occasions at the Great Hall of the People here today.

**Ecuadoran, Cameroonian Envoys**  
*OW2102122389 Beijing XINHUA in English  
0803 GMT 21 Feb 89*

[Text] Beijing, February 21 (XINHUA)—Rodrigo Valdez Baquero, new ambassador of Ecuador to China, and Etian Elain-Elle, new ambassador of Cameroon to China, presented credentials to Chinese President Yang Shangkun on separate occasions this morning at the Great Hall of The people.

**United States & Canada**

**Officials Comment on Upcoming Bush Visit**  
*HK1902031489 Hong Kong AFP in English  
0307 GMT 19 Feb 89*

[By Robert MacPherson]

[Text] Beijing, Feb 19 (AFP)—China is expected to reassure U.S. President George Bush during his lightning visit here next weekend that Sino-U.S. relations should remain unaffected by a Sino-Soviet summit set for May.

Mr. Bush, who is due here Saturday after attending the funeral of Japan's Emperor Hirohito in Tokyo, is set to have meetings next Sunday with China's top leaders before he flies to South Korea on Monday.

For the Chinese, the president is a known quantity. He served in 1974-75 as Washington's top envoy to Beijing, prior to the establishment of full diplomatic relations 10 years ago.

"The fact that he should make a point of visiting China when he is already in Asia shows that some importance is attached (by the Bush administration) to China," said Zi Zhongyun, a senior fellow at the Institute of American Studies, part of the Chinese Academy of Social Sciences.

When his visit was announced one week after his January inauguration, Mr. Bush said it was not designed to upstage Soviet President Mikhail Gorbachev's summit meeting with paramount leader Deng Xiaoping on May 15-18.

"I'm the one who doesn't believe in playing the Soviet card or playing the China card," he told reporters at the time.

Many observers here tend to accept that view, noting that Chinese officials have gone out of their way to brief U.S. counterparts on the progress of the Sino-Soviet rapprochement.

"Mr. Bush would like to learn from China about the coming Sino-Soviet normalization, and the Chinese Government I think will be quite willing to brief him on this issue," Ms. Zi said.

"I think that officially, the United States Government is not that sensitive to any improvement of relations between China and the Soviet Union," she added. "That is because the United States took steps earlier and further than the Chinese Government towards improving relations with the Soviet Union."

Officially, China says its relations with Washington are "mature," and observers here expect trade and economic issues—such as protectionism—to dominate the Sino-U.S. agenda in the 1990's.

Some political strains persist. China remains touchy about concern on Capitol Hill for human rights in Tibet, and a tit-for-tat dispute continues over travel restrictions imposed on each others' diplomatic personnel.

But at the same time, the United States has accepted China's pledge not to continue missile sales in the Middle East, following deliveries to Iran and Saudi Arabia that were harshly criticized by Washington.

Washington has also given China its blessing to launch sophisticated U.S. satellites atop Long March rockets. The first blast-off is set for this year.

If friction does crop up during the Bush tenure, Chinese analysts expect prompt reaction from Washington because of the president's firsthand experience here.

"I'm sure he has a better understanding of the Chinese people," said Wang Zhigang, co-director of the Center for Chinese and American Studies at Nanjing University.

The feeling is mutual. Last year Mr. Deng startled practically everybody when he told then-U.S. Defence Secretary Frank Carlucci that he hoped Mr. Bush would win the November presidential election.

Ms. Zi said she understands that six or seven versions of Mr. Bush's autobiography, "Looking Forward," have been produced in Chinese, with one already in print.

**Bush Visit Previewed; Protest Revived**  
*HK2002080889 Hong Kong AFP in English  
0801 GMT 20 Feb 89*

[By Pierre Antoine Donnet]

[Text] Beijing, Feb 20 (AFP)—When U.S. President George Bush comes to China on Saturday, he will find a country in a deep morale crisis reflected by a loss of confidence in communist ideas and a revival of intellectual protest, diplomats here say.

Since the last visit to China by a U.S. head of state, that of Ronald Reagan in 1984, the nation's development has been caught up in rampant corruption, galloping population growth, unprecedented social problems and crushing red tape, the diplomats say.

"We should frankly admit that at present Marxism is in crisis," said Su Shaozi, one of China's leading Marxist theoreticians, in December.

"Contemporary Marxism lags behind the reality of modern capitalism and socialism, and also behind the reality of reform in China," he told a meeting of the Communist Party Central Committee.

Mr. Su's remarks, while courageous, still fall short of the truth and barely conceal an unprecedented crisis of confidence now prevailing in all levels of the power hierarchy, the diplomats say.

The government must also deal with rising popular discontent, and for the next two years will be preoccupied not with reforms, but with inflation, which last year officially hit a record high of nearly 20 per cent, analysts say.

Many intellectuals, who for years have been afraid to express their views, have started once again to question the utility of Marxism-Leninism in contemporary China and to insist on the need for a vast critical movement against nearly 30 years of Maoism.

The most celebrated of Chinese dissidents, Fang Lizhi, who has been invited to the United States but has been denied permission to go, said early this month that even China's leaders no longer believed in Marxism and that they were clinging to the ideology only to hold onto power.

Marxism-Leninism "already belongs to the past. Its spirit and its ideas are dead. It is useless to revive it," added Bai Hua, a prominent writer and a Communist Party member since 1947.

Wang Ruowang, a veteran of the Chinese revolution since 1937 but expelled from the Communist Party in 1987, said the party was doomed if it continued to prevent the people from joining the political process.

For many diplomats in Beijing, such opinions represent an awakening, at least among intellectuals, that poses a mounting challenge to the current regime.

Sixty-three intellectuals, including leading scholars who had been neutral until now, have so far signed a petition calling for the release of all political prisoners including Wei Jingsheng, sentenced to 15 years in prison in 1979 after being charged with counter-revolutionary crimes.

Organizers of the petition expect it to grow quickly in the coming weeks.

Lu Lin, who was close to Mr. Wei during the Beijing Spring democracy movement that flourished in 1978-79, signed the petition Sunday, breaking a silence he had imposed of himself after he was released from prison two years ago.

This revival of protest comes at a delicate moment for the Chinese Government as it prepares for the visit of Mr. Bush, who arrives here Saturday for a three-day stay.

But analysts say it is not likely that the president of a country that styles itself as the champion of democracy in the world will meet the intellectuals, or even lend them explicit support.

#### Bush Cited on Trip

OW1802224589 Beijing Domestic Service in Mandarin  
1030 GMT 18 Feb 89

[Text] In a speech, U.S. President Bush said yesterday that his forthcoming visit to China will be like a sentimental journey, because he worked in Beijing 14 to 15 years ago with a status equivalent to a U.S. ambassador. A high-ranking official of the U.S. State Department said that President Bush will meet with Deng Xiaoping, Yang Shangkun, Zhao Ziyang, Li Peng and other Chinese leaders in Beijing. The two sides will discuss the situation in Afghanistan following the Soviet troop withdrawal, the Cambodian and Vietnam issues, and bilateral issues such as U.S.-Chinese economic relations.

Asked by a news reporter about the U.S. attitude toward the improvement of Sino-Soviet relations, the State Department official said: The relations between the United States and China are solid. The United States is not worried about the Sino-Soviet talks.

The official believes that the effects of such talks might be positive. If Sino-Soviet relations are improved, the United States welcomes such improvement, he added.

#### RENMIN RIBAO Views Baker's Europe Trip HK1902083689 Beijing RENMIN RIBAO in Chinese 19 Feb 89 p 6

["News Analysis" by Zheng Yuanyuan (6774 0954 0954): "Baker's Good-Will Visit to Western Europe"]

[Text] U.S. Secretary of State Baker in recent days made a whirlwind visit to the NATO countries. In the space of only 6 days, he met the leaders of 14 allied nations. The visit was aimed at finding out the situation and opening up channels for dialogue. Baker had no particular mission on this occasion, and in his own words, the purpose was to get to know everyone and hold consultations and exchange views in his capacity as the new secretary of state.

The inauguration of President Bush happens to coincide with certain delicate changes in relations between the two Atlantic shores. The direct change caused in Europe by the momentum of detente between the United States and the Soviet Union, the two superpowers, has been the relaxation in relations between Eastern and Western Europe. Gorbachev's proposal on building a "common European home" has evoked a strong response in Western Europe, and the Soviet Union's unilateral disarmament announcement and its withdrawal from Afghanistan have made the West European public feel that "the real threat from the East is moderating." In the past year, there have been frequent exchange visits between politicians from the two halves of Europe, while West European businessmen have competed in investing and granting loans to Eastern Europe. Although the United States, as "head of the Alliance," has also actively engaged in dialogue with the Soviet Union, it is secretly worried about the "craze for the Soviet Union and Eastern Europe" among its West European allies. As the United States sees it, Western Europe has gone too far in its enthusiasm for Eastern Europe, and it wonders whether this phenomenon will loosen NATO's internal ties. It is now time for a cool look at relations between Eastern and Western Europe, and a "comprehensive idea" on the handling of East-West relations should be formulated within the Alliance. The United States believes that the relations of Western Europe and the entire Alliance with the Soviet Union should be "cautious and realistic," businessmen's enthusiasm in competing to give "blood transfusions" to the East should gradually cool down, and conditions should be attached to investment and loans, so as to keep up the pressure on the Soviet Union. There are also differences between the United States and Europe and many points of conflict between them on the question of strategic estimates of the Soviet Union and on East-West detente. As far as the West European countries are concerned, they eagerly hope that the new U.S. President will be able to understand more of Europe's circumstances and position, while the United States also hopes to link up with Western Europe. Bush has proposed that "we must attach importance to very close consultations between allies." One can say that Baker's trip to the European Continent was made with the precise intention of implementing this Bush proposal.

During his lightning tour of 14 West European countries, Baker simply became acquainted with some of them and engaged in mutual consultations in others, but in some cases there were substantive issues to explore. His most important stop was Bonn, where the main item for discussion was the fact that the United States and Western Europe are, after a long time, still unable to reach agreement on modernizing short-range missiles. Updating the 88 "Lance" short-range missiles deployed in West Germany was a 1983 NATO decision. The reason the United States has raised this issue so urgently now can be none other than that, in light of the current situation, it wants to dampen some of the excessive fervor of Western Europe for Eastern Europe. The rising temperature of detente between the two halves of Europe, the progress made in the arms control talks, and the development of the antinuclear and peace movement in West Germany all mean that the West German Government and public do not agree with the decision on modernizing short-range missiles. Chancellor Kohl explicitly stated recently that East and West should first hold talks on the short-range missile issue and reduce the number of such missiles to an equally low level, and it will not be too late to update them after the talks are completed. He also declared that it will not be too late if this decision is delayed until after 1992. In deciding this, Kohl no doubt took domestic political considerations into account but, more important, he does not want the good momentum of East-West arms control broken and the atmosphere of detente cooled down for the sake of modernizing short-range missiles. Kohl stated that if a decision to update the short-range missiles is made at this time, this will send the "wrong signal" to the Soviet Union and Eastern Europe. Kohl told Baker: "West Germany remains a reliable ally, but it must also consider its own interests." The West German stand has gained understanding and support from quite a number of its West European allies. The Danish foreign minister told Baker that it would be unwise to put pressure on West Germany, since this could cause the United States to drift apart from still more of its allies. Baker's trip to Bonn was unsuccessful, and there is no alternative to postponing a solution of the problem of modernizing the short-range missiles to the NATO summit in the spring.

Baker's West European trip and his new posture in holding close consultations with the allies has gained broad appreciation, and there is an expectant atmosphere in the countries of Western Europe regarding President Bush. This kind of equal and thorough discussion is at any rate beneficial for the unity and stability of the alliance. In this sense, it cannot be said that Baker returned empty-handed from his Western European trip.

#### Soviet Union

**Soviet Call for Cut in Border Forces Noted**  
CW 02082589 Beijing XINHUA in English  
0710 GMT 18 Feb 89

[**"Soviets Urge Peaceful Soviet-Chinese Border"—XINHUA headline**]

[Text] Moscow, February 17 (XINHUA)—The Soviet Government has called for a minimum military presence along the Soviet-Chinese border, the official Soviet news agency TASS reported today.

A Soviet Politburo meeting held Thursday pointed out the importance of the Soviet Union and China reaching an agreement that would minimize the number of troops stationed along their mutual border, TASS said.

The Kremlin has already pledged to pull out some of the troops stationed in Mongolia, a country bordering the two socialist powers.

The meeting stressed the readiness of the two countries to change their border into a peaceful and friendly belt, TASS said.

The Politburo agreed that a foundation was laid for future cooperative relations between the two countries by Soviet Foreign Minister Eduard Shevardnadze during his early-February visit to Beijing. The visit was designed to prepare for a mid-May Sino-Soviet summit expected to signal a thaw in their long-strained relations.

TASS said the participants believe the approaching normalization of ties will be beneficial to the two peoples and their economic cooperation. Great potential exists for the expansion of the two nations' economic and trade links, TASS said.

**USSR Urges China To Assist Afghanistan**  
OW 1802051489 Beijing XINHUA in English  
0236 GMT 18 Feb 89

[Text] Moscow, February 17 (XINHUA)—A Soviet general disclosed today that 30 Soviet military advisers remain in Afghanistan to ensure continued Soviet air supply of food and other aid to Kabul.

The advisers are working with the Kabul regime, Soviet Deputy Defense Minister, Valentin Varenikov, told the first press briefing following the Soviet withdrawal on schedule last Wednesday.

Varenikov, former military deputy in war-torn Afghanistan, was appointed commander-in-chief of the Soviet army on his return.

The general also announced that about 15,000 Soviet soldiers died in Afghanistan, 36,000 were wounded and 312 were reported missing during the nine-year war.

Soviet Deputy Foreign Minister Aleksandr Besmertnykh told a press conference Thursday that his government has appealed to France, Britain, West Germany, Italy, Iran, Pakistan and China to provide economic and humanitarian aid to Afghanistan.

**Shanghai Promotes Trade With Soviet Cities**  
*OW1802055889 Beijing Domestic Service in Mandarin*  
*1030 GMT 15 Feb 89*

[Text] According to a station report, local trade between Shanghai Municipality and Soviet cities has rapidly developed. According to statistics, Shanghai Municipality has already signed 14 trade agreements with the Soviet Union's Novosibirsk and other regions since September 1988, totaling 27 million Swiss francs. The major forms of bilateral trade are exchange of commodities, processing and assembling products with materials provided from abroad, and economic and technological cooperation.

**Northeast Asia**

**NPC Meeting Condemns Takeshita's War 'Fallacy'**  
*HK2102065389 Hong Kong WEN WEI PO in Chinese*  
*21 Feb 89 p 4*

[("Special article" by Wu Kang-min (0702 1660 3046): "It Was Concluded Long Ago That It Was a War of Aggression!—NPC Standing Committee Meeting Refutes Takeshita's Fallacy"—written in Beijing on 20 February]

[Text] The NPC Standing Committee held a general meeting today to allow members to air their views. In the morning, eight people took the floor, including three NPC deputies from the Hong Kong region attending the meeting as observers. In the afternoon, seven members made formal speeches. Unexpectedly, Liu Danian's speech set off an outcry, which was both enthusiastic and filled with indignation.

Liu Danian expressed dissatisfaction over Japanese Prime Minister Noburo Takeshita's recent remark that the Japanese emperor was not responsible for the war. He said: Former Japanese Prime Minister Yasuhiro Nakasone admitted Japan's responsibility for launching an aggressive war, but now the tone has been changed again. The Japanese authorities have repeatedly spoken in defense of the aggressive war and have repeatedly revised the school textbook versions of it. This attitude of "not being true to one's words" has indeed aroused people's scorn.

Takeshita also said: "Whether or not the last war was an aggressive war should be appraised by the historians of future generations." Waving a book in his hand, Liu Danian said: This is a historical commentary written by a Japanese on the history of Japanese aggression in China, published in September 1988. It correctly concludes that Japan launched a ruthless war of aggression. Is this not an appraisal of a historian?

Liu Danian's 10-minute speech was warmly applauded by all members and observers. Then many members vied with each other in speaking. Many people held that the meeting should issue a solemn statement, refuting the

fallacy on the part of Japan. Some held that the meeting should at least publish the text of Liu Danian's speech and that XINHUA should also report the strong reactions at the meeting.

One after another, the members took the floor. Some talked about China's Japan policy in recent years, others mentioned education in patriotism, and still others aired more radical views, saying that China should not send its foreign minister to attend the Japanese emperor's funeral but should send a vice minister instead. Some also criticized the Ministry of Foreign Affairs spokesman for his weak reaction to the matter at a news briefing.

A member asked: Is it because we have borrowed money from Japan that we keep on taking a tolerant attitude? Vice Chairman Peng Chong replied: We do not care about money; we want patriotism.

The meeting eventually agreed to take two steps: First, to publish Liu Danian's speech and second, to consider whether it is necessary for the NPC Standing Committee to issue a statement.

The question of issuing a statement should first be discussed at the meeting of the chairman and vice chairmen of the NPC Standing Committee, which was originally scheduled for tomorrow morning because tomorrow morning has been set aside for reading documents. However, all the members hoped that the meeting of the chairman and vice chairmen would be held at once so that there would be time to discuss the matter again tomorrow. The meeting ended at 1725 and was followed by the meeting of the chairman and vice chairmen of the NPC Standing Committee.

I was writing this article at 2040 when I suddenly received a telephone call informing me that the panel discussion would be continued tomorrow. I thought this had something to do with the matter.

I neither saw nor heard clearly the name of the book Liu Danian was waving in his hand during his speech. But I bought another book, written by Japanese historian Seishi Netzu. The book is entitled, "Emperor Hirohito and His Era." Quoting Emperor Hirohito's "imperial order" in November 1937, the book explicitly states: "The imperial order quoted here vividly proves that the emperor was responsible for the war." (Chinese version, p 129, published by the World Knowledge Publishing House) This is another appraisal by a Japanese historian, and I wonder what Takeshita will think about it?

**Legislators Criticize Japan History 'Distortion'**  
*OW2002183389 Beijing XINHUA in English*  
*1631 GMT 20 Feb 89*

[Text] Beijing, February 20 (XINHUA)—A Chinese legislator today criticized the Japanese prime minister and the director of the Japanese legislative bureau for

their attempt to explain away the Japanese invasion of China and the responsibility of the late Japanese Emperor Hirohito for the war.

Liu Danian made the remarks while speaking at the ongoing Sixth Meeting of the Standing Committee of the Seventh National People's Congress (NPC).

He quoted the director as saying in the Japanese Diet that, whether from the perspective of Japanese law or that of international law, the late Japanese Emperor Hirohito bore no responsibility for the Second World War.

Japanese Prime Minister Noboru Takeshita was quoted as saying that "the nature of the war, aggressive or non-aggressive, is a matter for future historians to judge."

Liu said that to the Chinese people it is not a problem whether the late Japanese emperor bore responsibility for the war or not.

"If they insist that the late emperor didn't bear the responsibility, it will only be a gross deception which nobody will believe," he said.

The noted Chinese historian went on to say that documents on all the meetings held in the presence of the emperor during the war of aggression against China and the records of those present are still available.

"The fact that such meetings would be called for to make decisions at every critical moment alone could fully show whether the emperor bore or did not bear any responsibility for the war," he added.

As for Prime Minister Noboru Takeshita's remarks on the nature of the war, Liu said he wondered if there is any special set boundary line for the "future" or if the term has any particular meaning.

He said most Japanese scholars and historians all over the world have long ago reached a unanimous definition on the nature of that war.

Liu cited as an example the newly-published Japanese book titled "Japan-China War and Relationship—Notes on the Seminar Marking the 50th Anniversary of the Lugouqiao Incident" and made a further explanation.

He said the book, written and edited by two distinguished Japanese scholars, collected nearly 20 papers provided by both Chinese and Japanese scholars, with the Japanese ones taking the majority.

He said that a well-known Japanese historian said when summing up the seminar, "the seminar has further clarified the significance of the overall war between China and Japan started with the July 7 (the Lugouqiao) incident."

According to the Japanese historian, the core of the significance is that the Japanese started the invasion war against China. And the war was ended with the Chinese victory in the national liberation and the Japanese' thorough failure.

"For this, the seminar's conclusion is not ambiguous," he stressed.

Liu Danian said, from the point of time, temporary historians are its "future" historians in terms of that war. "I don't know why they are waiting for 'future' historians to judge."

He argued that the facts are crystal clear. "Making excuses for the late emperor only signifies the lack of courage to face history," he said, adding "nobody could ever change the nature of the Japanese militarism's aggression against China."

He said that after repeated struggle, the Japanese text books finally put in the word "invasion"; and Yasuhiro Nakasone, the former Japanese prime minister has also officially claimed the war was an invasion.

Liu said that international exchanges require honesty and the friendship between China and Japan is beneficial to both countries.

"More flowers, not thorns, should be planted" for the maintenance and development of the friendly relationship between the two countries, he said.

Liu's speech aroused immediate responses from other legislators, who expressed their indignation toward Japan's distortion of history.

They reiterated that Japanese invasion of China was a historical fact which nobody could deny and to make excuses for the invasion or for the war criminals could only harm the fundamental interests of the two peoples.

They also urged the Japanese Government to face the history and cherish the hard-won peace and friendship between the two peoples.

#### Takeshita Denies Japanese Aggression in War OW1802222189 Beijing XINHUA in English 1635 GMT 18 Feb 89

[Text] Tokyo, February 18 (XINHUA)—Japanese Prime Minister Noboru Takeshita in a speech here today again denied Japanese involvement in aggression during World War Two.

Takeshita, addressing a session of the Budget Committee of the House of Representatives, asserted: "It is difficult to give war of aggression an academic definition. This is a matter for future historians to judge," he said.

In reporting Takeshita's speech, Japan's JIJI PRESS said that Takeshita's presentation betrayed his personal view that the actions taken by Japan during World War Two might not be considered acts of aggression. Japan's KYODO NEWS SERVICE said that Takeshita had taken a big step backward on this historical issue compared with his predecessor, Yasuhiro Nakasone, who conceded in 1983 that Japan did launch a war of aggression. Earlier this week, Takeshita alleged at a session of parliament that Japan was not involved in a war of aggression during the Second World War.

**Japan Reassures View on War Unchanged**  
*OW2102131389 Beijing XINHUA in English  
1049 GMT 21 Feb 89*

[Text] Tokyo, February 21 (XINHUA)—Japanese Prime Minister Noboru Takeshita said here today that the government position that Japan inflicted grave harm on neighboring countries during World War II remained unchanged.

Speaking at today's Diet (parliament) session, Takeshita also acknowledged that his comment last Saturday on Japan's role in its war against China and in World War II drew criticism from abroad.

The prime minister said Sunday in the Diet that whether Japan acted as an aggressor in the Sino-Japanese war and in World War II must be judged by future historians.

The government spokesman, Chief Cabinet Secretary Keizo Obuchi, said at a press conference Monday that "the government view" recognizes the serious damage done to neighboring countries.

According to a KYODO NEWS SERVICE report, the Japanese Foreign ministry decided today to reassure those countries concerned through diplomatic channels that the view on war of the Japanese Government is unchanged.

Observers here noted that the Japanese Government's quick reaction to the world criticism on Takeshita's controversial remark was made in connection with the upcoming funeral for Emperor Hirohito, who commanded the Japanese armed forces during the war.

Emperor Hirohito died January 7, and representatives from about 16 countries around the world are coming to Tokyo for his funeral Friday.

**Near East & South Asia**

**Columnist Considers Afghanistan at 'Crossroads'**  
*HK2002085289 Beijing RENMIN RIBAO  
in Chinese 20 Feb 89 p 3*

[“International Outlook” column by Shi Zongxing (0670 1350 2502): “Afghanistan: At the Crossroads of Peace and War”]

[Text] All Soviet troops left Afghanistan on 15 February. How will the internal situation in the country develop now? Will long-awaited peace descend on this war-weary

mountainous land following the Soviet withdrawal? This has become a question of great concern to international opinion.

Most observers hold that there are two indispensable conditions for peace in Afghanistan following the Soviet withdrawal: Domestically, it is essential to achieve national reconciliation and set up a broadly-based new government; and internationally, it is essential that the Soviet Union and the United States truly shoulder their duty of guaranteeing peace in the country in accordance with the Geneva agreement. However, judging by the present state of affairs, these two conditions are not yet ripe. Hence, it is very likely that the turbulence in Afghanistan will continue for a time, and even the danger of civil war cannot be ruled out.

It will be recalled that when the Geneva agreement was signed last April, all parties reached an understanding on the “two-track advance” proposed by the United Nations, that is, while the Soviet forces withdrew, the pace of establishing a new Afghan government should be speeded up. Now the Soviet withdrawal has been completed, but progress in forming a new government is difficult. Where lies the crux? It lies in whether or not Najibullah's People's Democratic Party should participate in the government. The Soviet Union and the Kabul regime first proposed that a coalition government should be formed, dominated by the People's Democratic Party; later, seeing that this would not work, they made some concessions, but they still insisted that this party should take part in government as a political force, to “share power” with the opposition factions. But the resistance forces, with the seven-party alliance as their mainstay, rejected this proposal and insisted that the People's Democratic Party must “hand over power”; they would only agree to accepting a few “upright Muslims” of the present regime to take part in government. The stands of the two sides were diametrically opposed in the past, and remain far apart today. In order to make the necessary arrangements for the existence of the People's Democratic Party, on the eve of its total withdrawal the Soviet Union launched an intense diplomatic drive by holding direct dialogue with the resistance forces and consultations with the countries concerned, and also holding talks with Zahir, the former king of Afghanistan. However, with the Soviet withdrawal now complete, the deadlock on forming a new government remains unbroken. Judging by the present situation, it is very hard for the Soviet Union and Kabul to give way, and it is by no means easy for the resistance forces to compromise. Hence it can be said that it will be impossible to set up a new government in Afghanistan in the near future.

In the face of the deadlock in the process of reaching a political settlement, the two antagonists are now building up their military strength in readiness and have assumed the posture of fighting it out to see who will prevail. The resistance forces are continually stepping up their military activities and offensives and have also started besieging and blockading Kabul and other large

cities in preparation for toppling the Kabul regime by force of arms. Although Kabul is in a predicament because of the Soviet withdrawal, it has also made many preparations for dealing with the resistance forces, by boosting its regular army on the one hand and organizing an extensive mobilization and forming a substantial civil defense force on the other. All this shows that in the coming period a direct military confrontation between two hostile forces can hardly be avoided in Afghanistan.

Apart from this, the Soviet Union and the United States have no intention of ceasing their military aid to the two hostile parties in Afghanistan. The Soviet Union not only left behind a great amount of military equipment for the Kabul regime when it withdrew but has also declared that it will continue to provide military aid after the withdrawal; and the new U.S. President Bush has recently publicly announced that so long as the Soviet-backed Kabul regime continues to hold power, the United States will in principle continue to provide military aid to the resistance. The military aid of the two superpowers has without doubt increased the factors for civil war in Afghanistan.

Afghanistan, which has just shaken off Soviet military occupation, is now at the crossroads of peace and war. How the civil war can be stopped and peace realized is the practical issue facing all political forces in Afghanistan, and it also requires useful efforts on the part of the international community, especially the Soviet Union and the United States, which are participating in the international guarantee. It should be said that the total Soviet withdrawal and the present international situation have provided favorable conditions for bringing about peace in Afghanistan, while the Afghan people who have suffered from 10 years of war are weary of fighting and all the more opposed to the mutual slaughter of kith and kin. Moreover, past experience has proved that the Afghan problem cannot be solved by military means and that the road of political settlement is the only one to follow. People hope that the various political forces in Afghanistan will make the choice that accords with the interests of their nation.

**UN Confirms Soviet Pullout From Afghanistan**  
*OW1702152189 Beijing XINHUA in English*  
*0745 GMT 17 Feb 89*

[Text] Islamabad, February 17 (XINHUA)—The United Nations Good Offices Mission in Afghanistan and Pakistan (UNGOMAP) has confirmed that the withdrawal of Soviet troops from Afghanistan had been completed.

According to a statement issued by the U.N. Information Center in Islamabad yesterday evening, the UNGOMAP confirmed this in a report submitted to the U.N. Secretary-General Javier Perez de Cuellar on February 15, which was the last date for the complete withdrawal of Soviet troops from Afghanistan in terms of the Geneva accord signed on April 14, 1988.

The mission expressed particular satisfaction at the scrupulous manner in which the time-frame for withdrawal had been observed.

The UNGOMAP has been monitoring the withdrawal of foreign troops from Afghanistan since May 15 last year, in accordance with its mandate under the Geneva accord.

The United Nations Good Offices mission will continue to promote and monitor the implementation of the Geneva accord in all aspects, the statement said.

It said that Pakistan and the Soviet Union had informed the United Nations of the results of recent talks between their governments on the situation relating to Afghanistan. The two countries agreed that every effort should be made to promote a political settlement in Afghanistan, in order to bring peace and tranquillity to the Afghan people and to put an end to the protracted conflict that had prevailed for the past several years.

The statement said that a military path could only lead to a worsening of the situation, resulting in further loss of life and destruction and that a political settlement is the only way to prevent this.

**Ambassador Concerned Over Occupied Territories**  
*OW1702220189 Beijing XINHUA in English*  
*1906 GMT 17 Feb 89*

[Text] United Nations, February 17 (XINHUA)—China today urged the UN Security Council to take "effective measures" to prevent the situation in the occupied territories from deteriorating further.

Ambassador Li Luye, China's permanent representative to the United Nations, said this in a statement at the council meeting this morning on the situation in the West Bank and the Gaza Strip occupied by the Israeli authorities since 1967.

This is the 4th meeting on the subject at the request of the Arab Group. The first meeting was held on February 10.

After reviewing the situation in the Palestinian territories in the past 14 months since the popular Palestinian uprising began, Ambassador Li pointed out that the Israeli authorities bear "an unshirkable responsibility" for the rapid deterioration of the situation.

He praised the "indomitable struggle" waged by the Palestinian people for their basic right to existence and their inalienable national right to self-determination.

He criticized the suppressive measures of the Israeli occupying authorities in ordering armed soldiers to shoot the demonstrators and hurt the innocent civilians with "plastic bullets which contain metal balls."

The Israeli authorities, in open defiance of strong international opposition, have continued to impose collective punishment on Palestinians with arrests, beatings and destruction of houses and properties.

This tragic development, he said, has attracted increasingly grave concern and extensive condemnation from the international community. "Even Israeli soldiers involved in the suppression feel humiliated about the job."

Recalling the many resolutions adopted by the council on the topic, Ambassador Li said that the Israeli authorities are duty-bound to comply with these resolutions, implement the 1949 Geneva Convention relative to the protection of civilians in time of war, and assure the Palestinians of their basic rights to existence and life.

He hoped that the Israeli authorities will "judge the hour and size up the situation, give up their blind faith in force, ...and take a position compatible with that of the international community."

**Commentary Views New Arab Cooperation Council**  
*OW1702230389 Beijing XINHUA in English*  
*1524 GMT 17 Feb 89*

[**"Commentary: Birth of ACC Opens Up New Prospects for Arab Cooperation (by Fu Weijian and Chen Luwei)"**—  
**XINHUA headline**]

[Text] Amman, February 17 (XINHUA)—The birth of the Arab Cooperation Council (ACC), a new economic group comprising Egypt, Jordan, Iraq and Arab Yemen, has opened up new prospects for closer Arab cooperation.

The ACC, proclaimed early Thursday by the four countries' heads of state in Baghdad, aims for coordination among the member states in economy, finance, industry, agriculture, transport and communication in a bid to reinforce individual strength in the face of future challenges.

To pave the way for eventual economic, and possibly political integration, the four member states are bound by a newly signed treaty to encourage investment, joint ventures and to work for the formation of a common market.

Despite its huge population and rich natural resources, the Arab world has for years been unable to achieve enduring unity as a result of political differences among the 22 Arab countries.

Their frequent quarrels and failure to form a common front at certain critical junctures has undermined their strength, thus making it easier for Israel to seize Arab territories and block the settlement of the Palestinian issue.

Analysts of Arab affairs see the founding of the ACC, the second regional economic grouping born after the six-member Gulf Cooperation Council, as a positive and practical step toward Arab economic integration and believe that it would contribute to Arab unity.

The four member states are blessed with rich human resources and comparatively strong economic and military strength, which would likely make the new council a new axis in the region.

Collectively, the four countries have a population of 80 million, half of the population of the whole Arab World. Their gross national product (GNP) totalled 75 billion U.S. dollars in 1988 and three of them—Egypt, Iraq and Arab Yemen—are oil producers.

While lacking a well-laid industrial foundation, Jordan boasts a strong team of talents. Egypt doesn't lack cheap labor, but it is short of funds. Arab Yemen needs technology to tap its newly discovered oil resources, while Iraq, exhausted by its eight-year war with Iran, badly needs labor and cash to rehabilitate its shattered economy.

Economists here agree that apart from their identical political views that earn them the name of moderate Arab states, the need for mutual assistance was also a main factor in the birth of the ACC.

Economists believe that the birth of the ACC will facilitate the free flow of capital and manpower and the gradual lifting of tariff barriers among the four member states.

The new economic group was also formed against the background of looming challenges from other alliances.

The 12-nation European Community plans to open its markets by 1992. By that time, the EC will be more able to pool its potential and reinforce its economic muscle.

The birth of the ACC also indicates that the Arab World has become more mature politically and economically.

Its birth is expected to be followed by the establishment of the Arab Maghreb Union, a North African economic community comprising Algeria, Libya, Mauritania, Morocco and Tunisia.

With the emergence of more economic groups in the region, the realization of the dream of lasting Arab unity could then be realized.

**'News Analysis' Views New Arab Groups**  
*OW1802224789 Beijing XINHUA in English*  
*2010 GMT 18 Feb 89*

[**"News Analysis: Arab Groups Established Amid Challenges From Non-Arab World (by Chen Ruining)"**—  
**XINHUA headline**]

[Text] Cairo, February 18 (XINHUA)—The Arab world saw the birth of two new regional economic groups—the four-state Arab Cooperation Council (ACC) and the five-state Arab Maghreb Union (AMU)—almost simultaneously this week.

Coupled with the six-state Gulf Cooperation Council (GCC) set up in 1981, there are now three regional economic alliances in the Arab World, an indication that more Arab states have become aware of the urgent need for joining efforts to cope with the increasing challenges from other economic groups, such as the European Community (EC), which will establish a unified market in 1992.

The grouping can make the optimum use of the Arab nations' natural resources, manpower, equipment and technical know-how for their common good by coordinating their development plans, setting up joint projects, lifting customs barriers and permitting a free flow of capital, goods and personnel in their common market.

The objective of economic integration was originally planned by the Arab League to cover all Arab states. But this has never been realized, due to internal Arab rivalry and external interference since the league was set up in 1945.

However, cooperation and coordination within the Arab world has developed on a bilateral or group basis at a snail's pace.

The first economic group in the Arab World, the GCC, comprises almost all oil-rich Gulf Arab states—Saudi Arabia, Kuwait, the United Arab Emirates, Oman, Qatar and Bahrain, except Iraq. It came into being in 1981 to secure both economic and security cooperation when the Gulf War entered its second year.

The AMU includes all five Northern African Arab states—Algeria, Libya, Morocco, Tunisia and Mauritania, which have been closely interrelated economically with the EC. Facing a common threat of the establishment of a unified EC market in 1992, the five states have to bury some of their differences in favor of closer cooperation to cope with the new situation.

Egypt, which remains at odds with neighbouring Libya, has now entered into the ACC economic alliance with Jordan, Iraq and Arab Yemen, although these four Arab states are geographically scattered. The ACC's declaration that the council is open to any other Arab state to join envisages its future expansion and political impact on a reactivated Arab unity.

Observers believe that Democratic Yemen might be the fifth state to join the ACC since its relations with Arab Yemen have improved in recent years.

Syria, having been at odds with Egypt and Iraq, is now left outside all the three Arab economic alliances. However, Syria's public announcement welcoming the establishment of the ACC signals a possible access to the newly formed ACC if it takes part in the future rapprochement with Egypt and Iraq through mediation by other Arab countries.

It is expected that the GCC, ACC and AMU will establish a relationship of cooperation within the framework of the Arab League for their common benefit.

There have been proposals long ago for closer political alliances among Arab states, such as the United Arab Republic between Egypt and Syria, and Libya's proposal for merging with Egypt and other neighbouring Arab states. But all of them have failed.

The forming of economic alliances seems to be more practical than the past proposals for abolishing national boundaries.

Entering into economic alliances has become a pressing need to meet the challenges from other economic groups at present and may eventually lead to firm political alliances.

**Tian Jiyun Said to Visit Middle East in March**  
*OW2002021489 Tokyo KYODO in English*  
*2347 GMT 19 Feb 89*

[Text] Beijing, Feb. 20 KYODO—Chinese Vice Premier Tian Jiyun will make official visits to five Middle East countries from March 2 to 19, according to Middle East sources in Beijing.

The sources said the countries Tian is to visit are Iran, Iraq, Turkey, Kuwait and the United Arab Emirates (UAE).

He will be mainly concerned with exchanging views chiefly on economic and financial problems with leaders of the five countries, the sources said.

Tian is the first high-ranking Chinese official to visit Iran and Iraq since their ceasefire last August.

The sources said Tian will discuss with Iranian and Iraqi officials how China can cooperate in their postwar rehabilitation work.

Iranian Foreign Minister 'Ali Akbar Velayati visited China last December and told reporters that China may cooperate with Iran in building industrial plants, fishing ports and dams.

China may also extend financial assistance to Iran, Velayati said.

## Political & Social

### Zhao Fails To Give Scheduled Speech

OW2102042489 Tokyo KYODO in English  
0341 GMT 21 Feb 89

[Text] Hong Kong, Feb. 21 KYODO—Chinese Communist Party Secretary General Zhao Ziyang on Tuesday [21 February] failed to make a scheduled speech to a conference in Hong Kong by satellite link from Beijing.

Zhao's failure to make his scheduled presentation to a conference on Pacific Rim affairs follows foreign press reports from Beijing that senior conservative leaders in the Communist Party have demanded his removal.

No explanation for Zhao's failure to appear was given, and Vice Premier Tian Jiyun read a statement in his place.

Zhao has come under widespread criticism at home for allegedly failing to control problems in the economy, as inflation reached an estimated 30 percent in many areas last year.

The secretary general, regarded as a relative liberal, is also believed to have come under pressure following signs of growing political disaffection in China.

Over 60 intellectuals this week reportedly signed an open letter to China's parliament demanding the release of political prisoners.

Other intellectuals have joined with Chinese living in Hong Kong, Taiwan and overseas in a petition campaign calling for greater democracy in the mainland.

Hu Yaobang, Zhao's predecessor, was forced to resign in early 1987 after conservatives blamed him for failing to control widespread student demonstrations in favor of democracy.

### Zhao's Health Reportedly Good

HK2102095889 Hong Kong AFP in English  
0953 GMT 21 Feb 89

[Text] Beijing, Feb 21 (AFP)—Chinese Communist Party chief Zhao Ziyang is in good health and fulfilling all his responsibilities, a Chinese party official said Tuesday [21 February].

"Zhao Ziyang is still general secretary of the Chinese Communist Party. He exercises all powers of the general secretary," said Wu Xingtang, spokesman for the International Liaison Department under the party's Central Committee.

"He is not ill," Mr. Wu added in a telephone interview.

Recent press reports in Hong Kong said the 70-year-old Mr. Zhao, party chief since January 1987, was fighting for his political life and was being actively opposed by conservative factions within the party.

In another development, Mr. Zhao's participation in a conference held in Hong Kong Tuesday on the economy of the Pacific Rim was cancelled.

He had been expected to deliver a speech via satellite to the conference organized by Australian financial groups but was replaced at the last minute by Chinese Vice Premier Tian Jiyun.

No reason was given for the change.

Hu Yaobang, Mr. Zhao's predecessor and political ally, was removed as general secretary in January 1987 after nationwide student protests led to charges that he was ideologically lax.

### Tian Jiyun Delivers Speech for Zhao Ziyang

HK2102123089 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0859 GMT 21 Feb 89

[“Tian Jiyun Says the Two Sides of the Strait Should Strengthen Cooperation, Mutual Promotion”—ZHONGGUO TONGXUN SHE headline]

[Text] Hong Kong, 21 Feb (ZHONGGUO TONGXUN SHE)—Today, Vice Premier Tian Jiyun addressed the people who attended the “Pacific Regional Conference '89” in Hong Kong via satellite transmission, saying that he hopes that the two sides of the strait will make joint efforts to strengthen cooperation and continue advances.

He also reiterated that after China retrieved sovereignty over Hong Kong in 1997, Hong Kong will exercise a high degree of autonomy and Hong Kong's future will be bright.

Tian Jiyun said: Building a unified and powerful China is the common desire of all descendants of the Yan and Huang Emperors in the past thousands of years. This will also enable China to make greater contributions to world peace and prosperity. He said: The two sides of the strait are steadily making exchanges in various fields. There is still great potential and many opportunities for developing various forms of economic and technological cooperation between the two sides. That the two sides are carrying out cooperation on the basis of mutual benefit in order to make use of each other's advantages to offset each other's shortcomings and to promote each other's economic prosperity is favorable to China's great cause of reunification.

When talking about Hong Kong's future, Tian Jiyun pointed out that Hong Kong is one of the world's financial and trade centers and is also a major bridge in the development of China's foreign trade and foreign economic relations. Hong Kong's development will play a positive role in promoting the development of the

entire Pacific region. In the course of implementing the Sino-British Joint Declaration, China and Britain maintain friendly cooperation. In Hong Kong, social stability is maintained; the economy continues to grow; and foreign ties are also developing. He said: Hong Kong enjoys the advantage of money and technical talents, and is also supported by China's huge market. As the economic reforms on the mainland continue to develop, cooperation between Hong Kong and the mainland will also expand in many fields. China has confidence in maintaining Hong Kong's stability and prosperity. Hong Kong's future will certainly be bright.

He pointed out: At present, economic reform has encountered certain problems, and China has adopted a number of measures in order to ensure healthy economic growth. At the same time, China also hopes to participate in cooperation in the Pacific region and to play a role in promoting regional prosperity and development through exchanges and cooperation.

It was originally planned that CPC Central Committee General Secretary Zhao Ziyang would deliver a satellite-transmitted address to the conference in Hong Kong. Today, at the last moment, Zhao was replaced by Tian to deliver this address.

#### Further on Speech

OW2102133289 Beijing XINHUA in English  
1302 GMT 21 Feb 89

[Text] Hong Kong, February 21 (XINHUA)—Chinese Vice-Premier Tian Jiyun said today that the future of Hong Kong is bright and "we have full confidence in it."

Speaking this morning from Beijing by satellite link to an international symposium on finance, trade and investment in the Pacific Rim Region (PACRIM) held here, Tian said as an international monetary center, Hong Kong is one of the important bridges for the Chinese mainland to develop its economic relations and trade with foreign countries.

Hong Kong's development will play an important role for the economic prosperity in the PACRIM [Pacific Rim], he said.

Since China and Britain signed a joint declaration on the question Hong Kong, Tian said, the two sides have undertaken close and friendly cooperation and remarkable results have been achieved in this regard.

He said that at present Hong Kong sees social stability and a continuously developing economy. Progresses have been made in various fields. The situation in Hong Kong as a whole is good. Its ties with the Chinese mainland have been increasing daily, he added.

Tian noted that China will resume exercise of sovereignty over Hong Kong with effect from July 1, 1997.

"In accordance with the concept of 'one country, two systems,' the present Hong Kong social and economic systems will remain unchanged for a long period after 1997. A Hong Kong Special Administrative Region will be established which will enjoy a high degree of autonomy," he said.

Tian noted that Hong Kong has advantages in the fields of funds, technology and qualified personnel, it also has the huge market of the mainland as a base of its economy.

"We have full confidence that based on the principle of 'one count two systems,' with the deepening of reform on the mainland and with concerted efforts of all sides concerned, Hong Kong will surely maintain its prosperity and stability," he added.

On the future economic exchanges between the Chinese mainland and Taiwan, Tian said that a unified and powerful China has been the common aspiration of the Chinese nation for thousands of years. It will also be an essential guarantee for China to make greater contributions to world peace and prosperity.

He said he was very pleased to note that there appear inspiring exchanges in various fields across the Taiwan Straits.

"We hope that this trend will continue to develop with efforts from both sides," he added.

Tian pointed out that great potentials exist in economic and technical cooperation between the mainland and Taiwan, and there are big chances for them to cooperate in varied ways.

The future of Taiwan and that of the mainland are closely connected Tian said, the two sides can undertake further cooperation, help supply each other's needs, learn from each other to make up deficiencies. This will promote both economies and also benefit the reunification of the motherland, Tian said.

#### Comments on Pacific Region

OW2102142289 Beijing Domestic Service in Mandarin  
1030 GMT 21 Feb 89

[From the "National Hookup" program]

[Text] Tian Jiyun, vice premier of the State Council, this morning delivered a speech to the 1989 Pacific Economic discussion meeting in Hong Kong via satellite link. He said: While stepping up its economic development, China is willing to do its best to promote economic prosperity in the Pacific Region through various ways on the basis of mutual benefit and cooperation.

He said: In recent years, economic development in the Pacific Region has been very fast. However, there is still a great imbalance in the development between the developing countries and the region as a whole. We must,

through strengthening exchanges and cooperation, promote joint development. He said: China's economic development will have a particularly important bearing on the economic prosperity in the Pacific Region. We hope that more foreign entrepreneurs and scientific and technological personnel will become our cooperation partners. You can be confident that the combination of foreign capital, technology, and managerial experience with China's special advantages will not only bring profits to both sides but also give new vitality to the world economy, especially the economic prosperity in the Pacific Region.

Tian Jiyun also answered questions asked by the meeting's executive chairman David Lee on the situation of China's economic reform and future of Hong Kong as well as prospects of economic exchanges between the mainland and Taiwan.

The current discussion meeting is sponsored by the West Australian Development Corporation. More than 500 representatives from 33 countries and regions are attending the meeting. China's economic development is one of the the important subject for discussion in the current discussion meeting.

**Deng Xiaoping To Return to Beijing**  
*OW2102095489 Tokyo KYODO in English*  
*0931 GMT 21 Feb 89*

[Text] Beijing, Feb. 21 KYODO—China's top leader Deng Xiaoping will return to Beijing from Shanghai and will meet with Burundi President Pierre Buyoya on Wednesday [22 February] morning at the Great Hall of the People, the Foreign Ministry announced Tuesday.

Deng has been staying in Shanghai for sometime.

**Intellectuals Urge Release of Political Prisoners**  
*HK2002040089 Hong Kong MING PAO in Chinese*  
*20 Feb 89 p 8*

[“Special” dispatch from Beijing by correspondent Lin Tsui-fen (2651 5050 5358): “Bei Dao, Editor and Publisher of Democratic Magazine JIN TIAN (TODAY) Says Joint Petition Calling for Release of Political Prisoners Shows China’s Intellectuals Have Awakened”]

[Text] During an interview, Bei Dao [pen name] (Zhao Zhen Kai) [true name 6392 2182 7030], a noted poet who a few days ago initiated a joint open letter of intellectuals asking the authorities to release political prisoners, said that the form of the joint open letter to the authorities itself is of great significance. It is a test of the democratic system in China and marks the awakening of intellectuals.

Bei Dao joined the Chinese democratic movement in the seventies and is the chief editor of a democratic magazine called JIN TIAN, which has been banned. In those

years, the magazine disclosed records of the secret trial of Wei Jingsheng and held poetry reading meetings on two occasions to express support for Wei Jingsheng.

He said that in recent years, many intellectuals have openly expressed their concern for people who have been put into prison for taking part in democratic movements. However, they only voiced their views separately. Therefore, we have attempted to use the form of a joint petition to express our common attitude. This idea was formed only a week ago. He spent 3 days calling on one person after another. The signing of the petition went more smoothly than he had expected. Ninety-five percent of those he called on signed their names without hesitation.

Bei Dao held that although freedom of speech is written in the Chinese Constitution, the existing domestic democratic system is still too fragile. Since big-character posters were banned, the people's only channel for expressing their views has been blocked and the form of a joint open letter was the only choice.

He pointed out that a joint petition formerly was a tradition of Chinese scholars. However, it has not been used since 1949. On the one hand, this has been the result of high-handed politics and, on the other, the strength of the intellectuals has been too weak. “Since the May 4th Movement, as an independent social stratum, intellectuals have repeatedly suffered setbacks. The prices they have paid may not yet be enough. They should foster an independent personality through self-affirmation, self-examination, and self-respect.”

Quoting the theory of noted scholar Tang Yijie, Bei Dao said that three groups—intellectuals, entrepreneurs, and politicians—have gradually formed in China. The first two should constitute a force on the last in order to play a balancing role and promote the development of Chinese society toward enlightenment.

In the current demand for the release of political prisoners, it is hoped that the government can take a wise attitude and accept the intellectuals' petition. Only in this way can the discontent of the common people and intellectuals at present be abated and the prestige of the government be reestablished.

Bei Dao said that the advantage of a joint petition is that it is not an action taken by an organization. It was touched off by the conscience and self-respect of each of those who have signed it. Those who have signed only share a common understanding of the contents of the letter, but the personal views of each of them may not necessarily represent those of another.

As a poet, Bei Dao frankly said that he is not very interested in politics and that most of his time is spent on literary creation.

In the year before last, Bei Dao was invited to give lectures in Britain for more than 1 year. After that, he was again invited to visit Canada and the United States. Last December, he returned to Beijing to attend celebrations to mark the 10th anniversary of the publication of JIN TIAN.

A "JIN TIAN Literature Prize" has also been established. Each year, the prize is awarded to a poet who has made great contributions in recent years. This prize does not include a financial award and it consists only of a set of JIN TIAN magazines. Only a few sets of this magazine are left now. (Nine issues of JIN TIAN were published in the seventies.)

When Bei Dao was abroad the year before last, measures were taken in China to oppose bourgeois liberalization. It was rumored that Bei Dao would not return to China. However, as a matter of fact, Bei Dao, who had been away from Beijing for nearly 2 years, was very anxious to return. When he returned to Beijing, he was very happy and deeply felt that his own destiny was inseparable from the vast territory of China.

While he was abroad 2 years ago, he was interviewed by the British press. During the interview, he openly criticized the move to oppose bourgeois liberalization and spoke in defense of Liu Binyan and other intellectuals who were expelled from the party.

#### Brief Biographies of 33 Poets, Journalists, and Writers Who Have Jointly Signed the Open Letter

Bei Dao: poet.

Shao Yanxiang: poet, member of the Presidium of the Chinese Writers' Association.

Niu Han: poet, chief editor of XINWENXUE ZILIAO [NEW LITERATURE INFORMATION].

Lao Mu: poet, editor of WENYI BAO.

Wu Zuguang: playwright.

Li Tuo: writer, deputy chief editor of BEIJING WEN-XUE [BEIJING LITERATURE].

Bing Xin: writer, member of the CPPCC National Committee Standing Committee.

Zhang Jie: writer, director of the Chinese Writers' Association.

Zong Pu: writer.

Wu Zuxiang: writer, scholar, professor at Beijing University.

Tang Yijie: scholar, professor at Beijing University, president of the Chinese Culture Institute.

Le Daiyun: scholar, director of the Comparative Literature Institute of Beijing University.

Huang Ziping: literary commentator, lecturer at Beijing University.

Zhang Dainian: scholar, professor at Beijing University.

Chen Pingyuan: scholar, lecturer at Beijing University.

Yan Wenjing: writer, member of the Presidium of the Chinese Writers' Association.

Liu Dong: scholar.

Feng Yidai: writer, translator.

Xiao Qian: writer.

Su Xiaokang: writer, RENMIN RIBAO reporter.

Jin Guantao: scholar, chief editor of ZOUXIANG WEILAI CONGSHU [MARCHING TOWARD THE FUTURE BOOK SERIES].

Li Zehou: scholar, researcher of the Chinese Academy of Social Sciences.

Pang Pu: scholar, researcher of the Chinese Academy of Social Sciences.

Zhu Wei: writer, editor of DONGFANG JISHI [ORIENTAL RECORDS].

Wang Yan: scholar, deputy chief editor of WENHUA: ZHONGGUO YU SHIJIE CONGSHU [CULTURE: CHINA AND THE WORLD BOOK SERIES].

Bao Junxin: scholar, associate researcher of the Chinese Academy of Social Sciences.

Tian Zhuangzhuang: film director.

Liu Qingseng: writer, scholar, associate researcher of the Chinese Academy of Sciences.

Mang Ke: poet.

Gao Gao: scholar, associate researcher of the Chinese Academy of Social Sciences.

Su Shaozhi: scholar, researcher of the Chinese Academy of Social Sciences.

Wang Ruoshui: scholar.

Chen Jun: free-lance writer.

#### 'Special Dispatch' Views Issue

HK2102070489 Hong Kong MING PAO in Chinese  
21 Feb 89 p 8

[“Special dispatch” staff reporter: “Persistent Efforts Are Being Made for the Release of Political Prisoners”]

[Text] Beijing—In the signature drive urging the authorities to release political prisoners, at least eight more people in Beijing signed yesterday, including Bo Yun, one of the initiators of the “Xingxing painting association;” and Zhang Ling and Qin Yong, members of the Beijing rock music team “Wuyuetian” by name.

Chen Jun, one of the initiators of an open letter for the release of political prisoners, yesterday collected signatures in his own bar. Ordinary Beijing citizens did not know about this event because the Chinese press did not report it. Therefore only those who came to the bar signed.

Chen Jun urged the addition of more signatures from the country and abroad. In addition, he hoped that material concerning Wei Jingsheng and other democratic activists could be sent to him by express mail so as to deliver it to the NPC meeting next month for reference.

Mr Chen said that foreigners were also welcome to sign, because there is no state boundary for humanity. His wife He Zhenyi, who is of British nationality, also signed yesterday.

Chen Jun is a Shanghai native and is working as a free-lance writer. He graduated from the Philosophy Department of Fudan University in 1983. Subsequently he immigrated to the United States and is now a Green

Card holder. He will be naturalized later this year. However he is still of Chinese nationality and does not have the intention of changing to U.S. nationality yet, he remarked.

He will set up an office for this signature drive. The contact address is: Room 206, Qilin hotel, Sanlitun, Beijing.

Two Hong Kong NPC deputies pointed out that they could not express any stand on the signature drive for the release of political prisoners or on the idea of putting this issue on the agenda of the NPC meeting, nor did they have a plan to forward the issue to the NPC meeting.

Lee Lin-sang, Hong Kong NPC deputy, did not express any opinion on the subject. The first thing to do is to find out the reason why these political prisoners have been imprisoned, he remarked.

Tsui Sze-hung, Hong Kong NPC deputy and professor from the biology department of Hong Kong University, held a view similar to the above deputy's. Only after a careful study could he express his stand, he said, adding that he knew nothing about this event.

Guangdong NPC deputy Chen Zhigui said that democracy and opening up to the world constituted a social development trend, but a careful study was necessary before voicing support for the current signature drive organized by some intellectuals, he added. As he pointed out, there is a need to clarify these two points: One is how these intellectuals define political prisoners and the other is whether these political prisoners have been wronged or are really guilty of their crimes.

**NPC Leaders Propose Reunification Subcommittee**  
*OW1802131489 Beijing XINHUA in English*  
*1250 GMT 18 Feb 89*

[Text] Beijing, February 18 (XINHUA)—Senior legislators proposed that a subcommittee should be set up to handle the issue of China's reunification.

The suggestion was made during discussions by the Standing Committee on the Draft Basic Law of the proposed Hong Kong Special Administrative Region.

National People's Congress Standing Committee member Yang Jike said that Hong Kong can assist in the process after it is returned to China in 1997.

He suggested that the Standing Committee should establish a consultative subcommittee to study certain issues concerning Taiwan's return to the motherland and even contact the related authorities to work out a plan acceptable to both sides.

Huang Shunxing said such a committee could exchange views with representatives from Taiwan to help realize reunification.

Yuan Xuefen suggested the establishment of a reunification research society within the NPC Standing Committee.

**NPC Committee Discusses Hong Kong Basic Law**  
*OW2002135489 Beijing Domestic Service in Mandarin*  
*1030 GMT 20 Feb 89*

[From the "National Hookup" program]

[Text] The sixth meeting of the Seventh NPC Standing Committee held a plenary discussion session today. During the session, members aired their views on the draft basic law for the Hong Kong Special Administrative Region, the draft rules of procedure of the NPC, and other motions.

Chairman Wan Li was present at the session, which was presided over by Vice Chairmen Xi Zhongxun and Ye Fei.

On the draft basic law for the Hong Kong Special Administrative Region, member Xu Jiatun said: The basic law has been drafted on the basis of suggestions made by people from various circles in Hong Kong and across China, and by continuously exploring, absorbing, and revising their ideas and bringing into play collective wisdom. It is unprecedented in the history of Hong Kong that so many people have shown concern for, participated in the discussion, and offered suggestions for a law directly related to Hong Kong's society.

Xu Jiatun suggested that after the current meeting, we hold another round of democratic, open, and comprehensive consultations on the draft Hong Kong basic law, and at the same time, launch a publicity campaign to explain the policy of one country with two systems and the Sino-British joint statement on Hong Kong so as to make them easily understood.

Members He Ying and Gu Ming and NPC deputies Liao Yanzhu, Zheng Yaotang, and Wu Kangmin, who attended the Standing Committee meeting as observers, also stated their views and suggestions on the draft basic law for Hong Kong.

Member Zhang Chengxian spoke on education at the session, calling for efforts to resolve pressing problems in education urgently. After citing various problems existing in education today, he said: Such crises can jeopardize not only the cause of education but also the modernization drive, future destiny of China, and its people.

Member Duan Suquan discussed the question of promoting democracy and the legal system. He said: The key to intensifying efforts to promote democracy and the legal system is to establish a system of checks and balances. The establishment of a people's congress open supervision system over government work will prompt the government to execute its duties with openness, impartiality, and fairness. He said: In practicing democracy and the legal system, it is also necessary to ensure the lawful freedom of

public opinion and encourage the public to air the truth. Newspapers and radio stations should not only report on the consensus but also dissenting views.

Member Liu Danian stated views on Japanese authorities' attempt to defend their war of aggression.

Song Rufen, vice chairman of the NPC Law Committee, gave a report on revisions of the draft laws for inspecting import and export commodities and for preventing contagious diseases.

Among those who spoke at the session today were also Yang Lieyu, Tao Li, Huang Shunxing, Mamtof Kurban, Huang Jinling, and Wu Dakun.

**Drafting Process Praised**  
*OW2002161089 Beijing XINHUA in English*  
*1448 GMT 20 Feb 89*

[Text] Beijing, February 20 (XINHUA)—The spirit of democracy was fully demonstrated in the process of drafting the basic law for the Hong Kong Special Administrative Region (SAR).

This opinion was voiced by many members of the Standing Committee of the National People's Congress (NPC) while discussing the basic law at a current NPC Standing Committee meeting.

Since the drafting committee held its third meeting in November 1986, they said, more than 50 meetings have been held on the draft Basic Law, which has been revised according to opinions of people from various walks of life in Hong Kong, and compatriots both at home and abroad.

After the draft Basic Law was publicised in Hong Kong last April, they noted, two major revisions were carried out in accordance with various suggestions obtained later.

Standing Committee member Hu Jiwei said that the draft Basic Law was voted at the drafting committee article by article. This set a good example for the NPC and its Standing Committee, the supreme legislative body in China, he said.

He suggested this practice could be adopted by the Standing Committee in the future when voting on laws concerning important state affairs.

Hu noted that the drafting committee had also compiled the opinions which were not adopted into booklets for the reference of all committee members.

"This is another good practice," Hu said.

While deliberating on the draft Basic Law, he added, the central government should enhance its understanding of Hong Kong in a bid to better implement the law. He suggested that the Hong Kong and Macao affairs office

under the State Council deliver a work report to the NPC Standing Committee and brief the standing committee on these preparations and future plans.

**Xu Jiatun Cited on Basic Law**

*OW2002151889 Beijing XINHUA in English*  
*1433 GMT 20 Feb 89*

[Text] Beijing, February 20 (XINHUA)—The ongoing heated debate in Hongpeng about the special region's Basic Law is a good phenomenon, a senior Chinese official said here today.

Speaking at the sixth session of the Standing Committee of the Seventh National People's Congress, Xu Jiatun, a member of the Hong Kong Basic Law drafting committee, said that the three-year drafting process was sound and normal.

"The draft Basic Law submitted for examination at this session was the result of three years of hard work by the drafting committee, advisory committee, and other people from Hong Kong and the mainland," Xu said. "The present draft law has gone through many revisions and it was the result of collective efforts."

Xu said that both the drafting procedures and the contents reflected the spirit of democracy. "During the drafting of the law, people from every walk of life in Hong Kong held symposiums, discussions, and exhibitions about the law. Newspapers, television and radio gave broad coverage about the drafting work."

Talking about the debate on the law in Hong Kong, Xu said, "it was a good thing rather than a bad one. It showed the enthusiasm of the local people toward the making of the law."

"Many of those people who hold different opinions about the law have one thing in common—that is, they all feel the need to preserve the stability and prosperity of Hong Kong on the basis of the policy of 'one country, two systems,' and develop and perfect the process of democracy in Hong Kong."

"It is understandable that some people took extreme views or even radical actions," he said. "That is natural in capitalist society."

Xu said that the present draft law still needs improvement. He suggested that the drafting committee seek more advice after this session.

"When different opinions arise, we should approach them through dialogue and discussion in the spirit of mutual understanding," he said.

"The interests of Hong Kong as well as the interests of the whole of China rest with the social stability of the region," he remarked.

**Students Meet NPC Deputies**  
*HK2002140189 Hong Kong AFP in English*  
*1355 GMT 20 Feb 89*

[Text] Beijing, Feb 20 (AFP)—Student leaders from Hong Kong University met Monday with two members of the National People's Congress (NPC) standing committee to press demands for greater democracy in the territory after 1997.

The NPC members, Yao Guang and Song Rufen, agreed that Hong Kong should enjoy a degree of democracy after it reverts to Chinese rule on July 1, 1997, said Chow Wing-hang, president of the Hong Kong University students' union.

But they also felt that the British colony should not move too quickly toward an elected government and chief executive, as Hong Kong's governor would be called after 1997, Mr. Chow told reporters here.

A draft constitution for Hong Kong after 1997, known as the Basic Law, calls for only one-quarter of the Legislative Council to be directly elected, with no prospects of an elected chief executive before 2017.

Mr. Chow said students want half of the Legislative Council to be elected, plus balloting for a chief executive "as soon as possible."

They also want a referendum or independent public opinion poll on Hong Kong's political future to be held between March and July this year, when a Beijing-appointed committee seeks final suggestions on the draft Basic Law.

"We think this is the only way to make sure that the final draft (to be presented to the NPC in 1990 for approval) will reflect the views of the people of Hong Kong," Mr. Chow said.

Hong Kong now is administered by a governor appointed by London, who is assisted by a council chosen partly by himself and partly by special interest groups including businessmen and professionals.

The Hong Kong University delegation, representing the campus's 6,500 students, was to return home Tuesday after observing a meeting here of the NPC Standing Committee to review progress on the Basic Law.

Mr. Chow said China's leaders, while taking a keen interest in Hong Kong's economic prosperity, "have not paid attention to the future level of democracy in Hong Kong. We think they should pay more attention to this."

He acknowledged that students in Hong Kong—who will be adults when 1997 comes—are divided over what immediate action to take. Some are already "desperate" about the future, he said, while others favor more activism.

Last year several dozen students burned copies of both the draft Basic Law and a newspaper published by a member of its drafting committee. Such militancy had not been seen in Hong Kong since the 1960's.

**Public Attendance Possible at Session**  
*HK2002025289 Hong Kong SOUTH CHINA MORNING POST in English 20 Feb 89 p 6*

[By Chris Yeung in Beijing]

[Text] Hong Kong people are likely to be allowed to attend the Chinese National People's Congress (NPC) session next year as observers when the Basic Law goes through its final stage of approval in the 2,900-member legislature.

Three local NPC delegates, Mr Ng Hong-mun, Miss Liu Yiu-chu and Mr Cheng Yiu-tong, said local people should be able to sit in on the full NPC session if a set of standing orders for the national legislature became law.

According to draft legislation governing the future functioning of the NPC, its full sessions should be open to the public.

A copy of the draft legislation, which was obtained by the SOUTH CHINA MORNING POST, says public galleries should be set up and manned by staff to maintain order.

Although the draft does not say specifically if Hong Kong people will be allowed to sit in the NPC sessions, the three local deputies said they saw no reason why the public should not be given the right to attend.

Miss Liu, a lawyer said: "I think they should be able to attend. It's a good thing."

The draft will be amended further before a final draft is tabled for approval at the second plenary session of the NPC in Beijing next month.

The set of standing orders, the first in the history of the NPC, will take effect as soon as it is promulgated.

Mr Ng, who is a long-serving NPC delegate, said he would support anyone concerned about the Basic Law, wishing to attend the NPC session in 1990.

The three local deputies are in Beijing to attend the Standing Committee of the NPC session as observers to relay local concern about the Basic Law draft to the lawmakers. The draft is expected to be publicised tomorrow for the second round of consultations.

Describing the set of standing orders as a major progress in the development of the Chinese legislature, Mr Ng said it was vital the NPC first should improve its own deliberations in order to promote the concept of rule by law in the country.

He said there had been no resistance from standing committee delegates over the proposed laws to open up the NPC sessions.

Apart from a greater openness of the NPC sessions, the 50-article draft also details the deliberations of the full sessions including the procedures for raising resolutions, the study of government reports, the questioning of government bodies and voting on the resolutions.

One significant provision is that the results of voting should be announced straight after.

Mr Cheng said many members of the 130-strong standing body had fiercely criticised the draft, saying the powers of the NPC had not been detailed.

He said some members also believed the presidium had been given too much power during the NPC session over matters ranging from the setting of the agenda to the formation of investigation committees under the NPC.

According to the draft, the NPC can set up investigation committees on specific issues.

It proposes that any government departments, community groups or individuals are obliged to provide the necessary information to the committee.

Mr Cheng said he proposed the NPC delegates should be free to nominate candidates to sit on the investigation committees, instead of being appointed by the presidium.

#### NPC Session Issues, Activities Reported

##### Economy, Agriculture Stressed OW1702202089 Beijing XINHUA in English 1538 GMT 20 Feb 89

[Text] Beijing, February 20 (XINHUA)—The coming annual session of the National People's Congress (NPC) should make a realistic appraisal of the country's economic situation and pay sufficient attention to agriculture, NPC Standing Committee members said here today.

The sixth committee meeting is now in session and the members are preparing for the second session of the Seventh NPC next month.

Tao Li, a member of the Standing Committee, said the government's work report to be submitted to the NPC session should give full accounts of the achievements and shortcomings in its work, and let people know the real situation of the economy.

He also suggested that the government work out measures for the implementation of state economic programs.

Tao said there is a trend to completely negate traditional Chinese culture among theoretical circles and criticised some Communist Party newspapers for encouraging some "erroneous views" opposing the principles of Marxism.

Wang Jinling, another member of the Standing Committee, suggested that the coming session pay close attention to agriculture.

"On the fundamental questions concerning agriculture, NPC deputies—especially those from major grain-producing areas—should be allowed to fully air their views," he said.

Committee member He Ying suggested that a law be formulated to define the strategic position of agriculture in the national economy.

##### Commodity Inspection Laws Viewed OW1702202089 Beijing XINHUA Domestic Service in Chinese 1517 GMT 17 Feb 89

["Local Broadcast News Service"]

[Text] Beijing, 17 Feb (XINHUA)—In examining and discussing the draft law on import and export commodity inspection, and the draft law on the prevention and treatment of infectious diseases today, members of the NPC Standing Committee said the two draft laws are basically ready since revision and suggested that they be endorsed by the current Standing Committee session.

It was at the group sessions of the Sixth Meeting of the Seventh NPC Standing Committee held yesterday afternoon and this morning that the members carefully examined these two draft laws.

Regarding the law on import and export commodity inspection, NPC member Yi Meihou said: The revised law on commodity inspection is richer in content, and its provisions are clear-cut. It is more reasonable and comprehensive than the original draft law. In particular, its provisions are more specific in safeguarding the state interests, all trade departments interests and the rights and interests of various enterprises. It will play a significant role in strengthening the management of import and export commodities and promoting the development of export business. NPC member Hu Daiguang said that the law on commodity inspection has been revised quite well, and suggested that it be adopted.

In examining the draft law on the prevention and treatment of infectious diseases, NPC members Hu Jiwei, Zhu Dexi, Chen Suiheng, Li Ruishan, Song Chengzhi, Chu Zhuang and others said: It should be stipulated specifically in the draft law that information about any major epidemic disease must be timely and truthfully made public. This is our responsibility to the international community and to the people. This also reflects the responsibility and authority of the public health

administration. If the information on any major epidemic disease is not made public on time, rumors will spread, and erroneous news will become even more distorted. There will be more people talking about this matter, thus creating panic. NPC members Zhang Shiming, Wu Juetian, Zhou Zhanao, Yang Bo, Yang Lieyu and others said that this law should be called the "Law on the Prevention and Treatment of Infectious Diseases." NPC member Zhou Zhanao said that in recent years some medical staff members have ignored their duties of serving the people. Gifts are essential in seeking medical treatments or undergoing operation in hospital, and a large amount of cash deposits are needed for hospital admission. Some medical staff members are quite firm in showing no sympathy for the patients' suffering. Therefore, efforts must be made to strengthen ideological education among all medical staff members, he added.

**More Education Funds Sought**  
*HK2002023489 Hong Kong SOUTH CHINA MORNING POST in English 20 Feb 89 p 10*

[By Chris Yeung in Beijing]

[Text] In an unprecedented move, a group of top Chinese legislators has appealed to the central government for a greater share of its next budget for education to help solve a looming crisis.

The joint demand was made by more than 30 members of the Standing Committee of the Chinese National People's Congress (NPC) during a meeting on Saturday [18 February].

In a signed petition, they called for funding in the education sector to be increased by a total amount equivalent to 15 percent of the Gross National Product (GNP) when the State Council draws up its budget for the next financial year.

Initiated by a handful of NPC Standing Committee members, the move is seen as a last-minute appeal before financial experts finalise the budget to be tabled at the second plenary session of the Seventh NPC next month.

The appeal also comes as the Education Commission, headed by Mr Li Tieying, is meeting to discuss the future development of education in face of growing calls for drastic reforms.

It is understood the State Council led by Premier Li Peng will deliver a "belt-tightening" budget in a bid to bring China's economy under control.

Only the agricultural sector is likely to be given a substantial increase in the next budget year in a bid to ease food shortages.

A local NPC delegate, Mr Cheng Yiu-tong, who also signed the petition, said an urgent increase in funding might help solve the chronic problems in education.

Another delegate, Mr Ng Hong-mun who is also an educationist, said he would speak on the issue at the March plenary session.

Mr Ng said: "The development of education is far behind the needs of the society. It's common knowledge that the facilities and buildings of many universities are backward and inadequate.

"One fundamental problem is the lack of a proper awareness of the importance of education development at all levels...it's an alarming trend that the drop-out rate of students has been going up in the past few years," Mr Ng said.

"There's a popular saying now in China that even a barber earns more money than a surgeon although both of them use knives. The wage system is grossly unreasonable. Unskilled labour often gets more money than professionals and intellectuals."

**Action Taken on Most Proposals**  
*OW2002023089 Beijing XINHUA Domestic Service in Chinese 1252 GMT 19 Feb 89*

[Local Broadcast News Service]

[Text] Beijing, 19 Feb (XINHUA)—According to the sixth session of the Standing Committee of the seventh NPC, most of the proposals, criticisms, and views made by deputies during the first session of the Seventh NPC have been handled. By 10 February, the General Office of the NPC Standing Committee received 3,812 responses to the proposals, or 99.1 percent of the total. As some of the proposals are wide-ranging and the problems involved are complicated, action on 35 proposals have not yet been completed by the units concerned. It has been learned that problems involved in 1,218 proposals, or 31.7 percent of the total, have been solved or basically solved; action is being taken to deal with or plans are being drawn up for gradual solution of 1,739 proposals, or 45.2 percent of the total; solutions must be delayed for 481 proposals, or 12.5 percent, because of limited conditions or other reasons; and 374 other proposals, or 9.7 percent, will be studied and used for reference by the departments concerned.

**Zhao Ziyang's Visit to Henan Described**  
*HK1902072289 Beijing LIAOWANG in Chinese No 6-7, 6 Feb 89 pp 7-9*

[Article by Zhao Derun (6392 1795 3878): "The General Secretary Visits Henan Amid Snowfall"]

[Text] There was a great snowfall over the central plains between 9 and 13 January, during which CPC Central Committee General Secretary Zhao Ziyang arrived in

Henan on an inspection tour. Despite the snow, the general secretary inspected factories and the rural areas, held cordial talks with ordinary workers and peasants as well as party and government cadres at all levels, and left an indelible impression on the people of the central plains.

On the evening of 9 January, two ordinary minibuses left the railway station amidst a snowstorm. On the minibuses were General Secretary Zhao Ziyang and Henan's leading comrades, who had made a special trip to receive him. No motorcade was in sight leading the way; the minibuses were at the beck and call of the traffic lights, like all other vehicles passing to and fro.

Zhengzhou is representative of Henan, characterized by simplicity. Although a few hotels have been transformed and redecorated to suit the requirements of receiving foreign guests, none of them are up to luxurious standards. The general secretary and his entourage stayed at the Zhongzhou Guesthouse, in the neighborhood of the offices of the provincial party committee and government.

Comrade Zhao Ziyang's secretary told this reporter that Comrade Ziyang's trip was aimed at investigation and research, and exchanging views on work with cadres at various levels in the province. "Don't cause the people any trouble" was an order made repeatedly by Comrade Ziyang. His secretary said: "Comrade Ziyang has a strong dislike for many attendants crowding around when he visits places."

In the few days during his stay in Henan, Comrade Zhao Ziyang inspected the Zhengzhou Textile Machine-Building Works, the Zhengzhou Printing and Dying Factory, and Zhulin village, Gongxian, the province's model for "building material and spiritual civilizations." He also inspected the Huang He Highway Bridge and the Nanwan Reservoir in the Dabie Mountain Range, both completed a few years ago. Wherever he went, only a few cars accompanied him and his entourage was small. Production would go on as usual, and traffic on the highway was light.

The snowstorm continued on 10 January. Without even taking a rest after lunch, he went on the minibus accompanied by a few leading comrades of the provincial and Zhengzhou City authorities on an inspection tour of Zhulin village, situated in Gongxian's mountainous areas. Considering the snowy road conditions, the comrades of the provincial authorities advised the general secretary to alter the schedule before the long drive began, but he insisted on making the trip. With difficulty, the minibus climbed a slope and eventually entered Zhulin village. When the general secretary got out of the minibus, swirling snow fell on his gray hair. Village party branch Secretary Zhao Mingen [6392 2494 2704] and village committee Director Li Shuzhuan [2621 3219 6567] did not expect the general secretary to arrive in such a great snowfall. Comrade Zhao Ziyang said: "This snow is fine!" Then he went into the meeting room and sat with the village cadres, where he talked

with them, a mug of tea in hand. Later, he visited two peasant households, despite the rugged path covered with inches of snow that he had to trudge through. The general secretary was all smiles to see that the cadres who are party members in Zhulin village have always been the first to bear hardship and the last to enjoy comforts, and that the villagers are becoming well to do and that the atmosphere in the village remains sound.

Comrade Zhao Ziyang's first supper in Henan was a genuine, ordinary meal of any peasant household in northern Henan: Two pieces of sesame cakes, a piece of roasted sweet potato, a bowl of noodles made of mung bean, and several simple dishes. He enjoyed the meal a great deal, and said in a pleasant mood: "Here I am, enjoying the particular flavor of my home village's cuisine." Upon his arrival in Henan, the comrade waiting on the general secretary told the local cadres that under no circumstances should cigarettes and fruits be placed on the dining table, and he added that the standards of meals as stipulated by the central authorities must be strictly followed. Homemade meals were good enough, and should anyone violate the regulations, his responsibility would be investigated and affixed.

Therefore, the general secretary's dining table was set with such dishes as bean sprouts, spinach, and bean curd to go with millet gruel. For 5 days he took his meals in Henan. The only two dishes he ordered were of strong Henan flavor—chili soup and steamed vegetables—both familiar to and favored by the Henanese.

On the afternoon of 12 January, the Henan Provincial Party Committee Standing Committee reported on work to Comrade Zhao Ziyang. He asked questions while the report was given. Carefully listening to their suggestions, he kept notes in his own notebook. When the general secretary was delivering a speech, other comrades also threw in a few words to air their views. Provincial Party Committee Deputy Secretary Yao Minxue [1202 2404 1331], who is in charge of political and ideological work, criticized the negligence of political and ideological work in fashion today. Upon this the general secretary nodded approval. Provincial party committee member Lin Yin-hai reported that the province has handled the cases of a number of party members who were not up to the standards, through assessment and discussions, with all party members receiving an education. He quoted a saying popular among the masses: "The 3-year party rectification was like a hot-water bath to every party member, and the assessments and discussions on party members were as hot as chili, with those concerned sweating all over, like one suffering from a high fever." The general secretary took down every word of the masses' reflections.

Comrade Zhao Ziyang was neat, clean, and simple in his dress. In the days during his stay in Henan, he sometimes wore a black suit; at other times, he wore a dark green jacket. Over his faded whitish shirt, which had originally

been blue, was a gray cotton pullover. He would put on a gray overcoat when he was outdoors. For footwear he wore a pair of ordinary leather shoes.

He did not smoke, nor did he allow cigarettes, fruits, candies, or melon seeds to be placed on the table. The waiters in the guesthouse would slip some fruit into the refrigerator in his bedroom. But when the general secretary left the guesthouse, they found none of the fruit had been touched. He called some seven discussion meetings in Henan. There were no refreshments whatever except for a mug of tea in front of him during any meeting. Comrade Zhao Ziyang was used to drinking from a glass, which he always carried with him, an ordinary jar wrapped with a crochet of plastic thread, as was fashionable several years ago. A discussion meeting would last about 4 hours. The waiter kept adding water into his glass, and the tea-leaves in it had long lost their flavor, but he would not think of filling his glass with fresh tea leaves.

On the morning of 12 January, Comrade Ziyang invited the directors, executives, and party committee secretaries from a dozen or so large- and medium-size enterprises of Zhengzhou, Keifeng, and Luoyang to participate in a discussion meeting on how to strengthen ideological and political work in enterprises. Comrade Ziyang initiated the meeting by saying: "I am all ears today. Do feel free to speak up on whatever is on your minds. Of course, I would like to hear problems concerning ideological and political work in enterprises, but you may go beyond that and say whatever you like. After all, we don't see each other very often."

Upon this, the directors, executives, and party committee secretaries, who had been rather tense for the occasion, relaxed. A heated discussion began with impromptu speeches, and the participants paid no attention to the written reports they had prepared beforehand. They dealt with the actual conditions in enterprises. Referring to the "blackout" in ideological and political work in enterprises with the implementation of the factory director's responsibility system, resulting from the phenomenon in which "the director has not been bold enough to take charge of work in this area, while the party committee secretary has misgivings about taking the director's job into his own hands," Zhao Ziyang pointed out that a new pattern of ideological and political work under the factory director's responsibility system must take shape, and the way can surely be found. To achieve this, it is imperative to firmly implement "The Enterprise Act," while continuously solving problems in concepts, habits, and institutions, while paying attention to work methods.

Xinyang Prefectural Party Committee Secretary Dong Lei [5516 7191] is a young cadre. He was a bit nervous when he reported on work to Comrade Ziyang, and said: "It is the first time that I have ever met the general secretary. I am afraid that I will do a poor job in my report." Smiling, Comrade Ziyang said: "Who says that we have never met

before. Don't we see each other very often on the television? Tell me, have I gained or lost some weight compared with my appearance on the television?" Everyone laughed at this, and Dong Lei relaxed. Every now and then, Comrade Ziyang exchanged views with the comrade from Xinyang on how to develop the economy in mountainous areas to improve the living standards of the people in the old revolutionary base as quickly as possible. When the report came to an end, Dong Lei apologized: "I am sorry that my report was rather confusing." Comrade Ziyang said: "You did a good job, only you were interrupted too often!"

Zhao Ziyang was born in Zhaozhuang village, Shuangcun township, Huaxian, Henan, in 1919. He went to school in Huaxian and Keifeng, and became a communist in Huaxian. During the war, Zhao Ziyang was appointed Huaxian County party committee secretary. In turn, he became Propaganda Department director and Organizational Department director under the Hebei-Shandong-Henan Border Areas prefectoral party committee, and later, Nanyang prefectoral party committee first secretary. Zhao Ziyang has felt deeply for the people on the central plains, especially in these areas.

It has been more than 40 years since Zhao Ziyang left his home village. In October 1984, he travelled west from Heze, Shandong, and entered Henan via Dongming. When passing over a bridge, he asked the driver to stop the car midway, pointed to a faintly visible small village in the southeast, and said with deep feeling: "That is my home village!" The then-secretary of the Henan provincial party committee, Liu Jie, who was accompanying Zhao on the trip, said: "It has been such a long time since you left your home village, and your elder sister is still living there. Why don't we spend some time visiting it on this trip?" Zhao Ziyang nodded approval.

He spent 2 days inspecting the central plain oil field on the trip, going from one oil well to another. But then, when the inspection was over, something important was awaiting him back in Beijing. So his plan to visit his home village was not fulfilled.

In 1985, Zhao Ziyang went on an inspection tour of Xinxiang. Again, in 1987, he left Beijing for Sichuan via Henan. On both occasions, he was very busy and did not have time to visit his home village. However, he has always kept in close contact with his home village, and constantly learned about the actual conditions in the rural areas from the villagers. When talking with cadres of various levels during his recent inspection tour of Henan, he was able to promptly tell them the conditions of his home village. Referring to planned parenthood, Zhao Ziyang said that a cousin of his not long ago visited Beijing and posed a question to the general secretary: When his cousin was young, there were only some 100 households in the village, and now the population of the village has grown increasingly greater, with available arable land becoming less. Where are they to get all the grain they need in the future? Their generation has

managed to get by, but what about the next generation? They will have no land to till! Comrade Zhao Ziyang commented on this and said that an ordinary peasant like himself is capable of seeing this truth. Of course, the peasants may have different views on specific planned parenthood work, but they are capable of seeing the truth. This has shown that our policy of planned parenthood has a mass basis.

On the afternoon of 13 January, the general secretary waved good-bye to the cadres of the Henan provincial party committee and the Xinyang prefectoral party committee sending him off at a small railway station in the Dabie Mountain Range of southern Henan and boarded a train heading south to continue his inspection tour. Again, his wish to visit his home village was not realized during his recent trip to Henan.

**Yan Mingfu Says Ethnic Cadre Training Vital**  
*OW2002183789 Beijing XINHUA in English  
1455 GMT 20 Feb 89*

[Text] Beijing, February 20 (XINHUA)—The cultivation of thousands more ethnic minority cadres and leaders is of vital importance to the unity and progress of China's minority peoples, a high-ranking Communist Party of China (CPC) official said here today.

Speaking at a national nationalities affairs conference, Yan Mingfu, member of the secretariat of the CPC Central Committee, urged that more nationality affairs cadres be trained.

He cited Ulanhu, China's late vice-president, and Bainqen Erdini Qoigyi Gyaincain, the 10th Panchen Lama, as outstanding statesmen and leaders of nationalities affairs.

According to Yan, the party is planning to expand the number of cadres and representatives from among the nation's 55 ethnic minorities in a year or so. "Those who perform well will be promoted," he added.

In his speech Yan called on ethnic minority regions all across the country to strengthen economic and technological cooperation with more developed areas.

Yan also urged those regions to quicken the pace of opening to the outside world while reforming elements hindering their economic development.

He said that realizing the common prosperity of China's various nationalities is one of the principle aims of the CPC. "This principle will never be changed," he said.

**Improved Relations Between Nationalities Urged**  
*OW2002200289 Beijing XINHUA in English  
1506 GMT 20 Feb 89*

[Text] Beijing, February 20 (XINHUA)—A senior Chinese official today called for efforts to study new problems that have cropped up among China's various nationalities and concrete measures to enhance national unity.

Ismail Amat, minister in charge of the State Nationalities Affairs Commission, said that relations among various Chinese nationalities are generally good, but the protracted and complicated nature of nationalities affairs remains unchanged.

The minister was speaking here at a meeting attended by heads of nationalities affairs committees of provinces, municipalities and autonomous regions from across the country.

He said that, with the relaxation of international relations and improvement of China's relations with neighboring countries, separatists abroad are shifting the emphasis of their work to Chinese territory.

Under the banner of "freedom for ethnic minorities and religion," he said, they have been stirring up riots in China.

Meanwhile, according to Chen Xin, vice-minister of the commission, some problems arose in China's nationalities affairs work last year.

For instance, finance, taxation and loan policies applicable to some areas inhabited by ethnic groups are exactly the same as those for regions populated by the majority Han people, making it difficult for the former to develop their economy, she pointed out.

In some literary works and news reports, the history, customs and religious beliefs of minority peoples are "improperly described or distorted, which have hurt the feelings of national minorities and given rise to demonstrations by minority-nationality students."

Chen said the fundamental reason for such problems is imbalanced economic and cultural development. But, she said, another important factor is the call for more democratic rights among minority peoples, as the ongoing reform reaches their areas only slowly.

Chen called for more publicity about national unity and government policies on nationalities affairs, the implementation of the law on regional autonomy for China's ethnic minorities and necessary service facilities nationwide—such as Muslim restaurants—for minority people.

"Before the publication of literary works on subjects concerning ethnic minorities, opinions should be solicited when necessary from among people of the ethnic groups concerned," she said.

According to the meeting, members of ethnic minorities now account for 14.9 percent of the delegates to the National People's Congress.

**'Opening Up' Key To Reform in Minority Areas**  
*OW2002210389 Beijing XINHUA in English*  
*1519 GMT 20 Feb 89*

[Text] Beijing, February 20 (XINHUA)—A senior official said here today that the policy of "opening to other areas both inside and outside China" is the keynote for economic reform in the minority areas.

Addressing a national meeting attended by 100 leaders of provincial and regional nationalities affairs commissions, Zhao Yannian, vice-minister of the State Nationalities Affairs Commission, said the open policy means opening to the more developed east-coast areas, and bordering and nearby countries.

He said that by doing so most of the minority areas "will be able to shake off the disadvantage of being far away from the home market and approach the world market."

He noted that the minority areas are rich in natural resources, but adjustments should be made in the structure of industry and production there.

In order to avoid too wide an economic gap between the minority areas and the other areas, especially the east-coast areas, he said, the system of investment will be reformed to give more preferential conditions to the minority areas and much more investment to energy resources, transportation and communication facilities there.

Zhao said a competitive mechanism must be introduced into the personnel system, and at the same time more professional training will be given to minority-nationality workers and cadres.

In education, Zhao said, vocational training is especially encouraged. Also, the number of special classes for ethnic minority students will be increased in ordinary colleges.

The reform of industry and agriculture in the minority areas will be guided by the experience of other areas, but special attention will be given to the practical needs of the minority areas.

This reform plan was formulated on the basis of a two-year investigation done by the state nationalities affairs commission, the meeting was told.

**University President Cited on Campus Unrest**  
*HK1902055889 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0814 GMT 16 Feb 89*

[Text] Hong Kong 16 Feb (ZHONGGUO TONGXUN SHE)—Beijing University President Ding Shisun has stated that he is not worried about campus unrest. He said that it is not student riots that he worries about

everyday, because he believes that young people are sensible and that student riots will be pacified with some reasonable advice. Besides, the causes for student riots usually do not take root on the campus. Therefore, such issues cannot be quickly settled.

In an interview with a reporter from the journal DA XUE SHENG [1129 1331 3932—COLLEGE STUDENTS], Ding Shisun pointed out: "Of course, I oppose riots, because China cannot afford anymore turbulence and needs a stable social environment for construction. However, I have always thought that campus unrest should be viewed from two angles. First, the positive aspect: It is a sign that college students are concerned about national affairs. Second, their naivety: They are liable to think that things can be settled easily, and that progress can be made with shouting a few slogans, and that the resistance to reform derives from some individuals. They have failed to see that such resistance comes from force of habit. In addition, they view things onesidedly and are liable to believe that only a minor problem dominates the overall situation."

Ding Shisun believes that these shortcomings among young people are inevitable. Young people should be reminded of such shortcomings, but not be reproached too much, nor should they be labelled for that matter. He stated: Frankly speaking, I myself cannot find it convincing when our students are excessively reproached. I was young myself once, and I could also be onesided, radical, and even arrogant and proud when I considered things in my younger days.

Rumor has it that Ding Shisun is between the devil and the deep blue sea, because the students are planning campus unrest, while the central authorities forbid it in any form. Thus, the university president is caught in a dilemma. Referring to this, Ding Shisun stated: Actually, I am not a bit afraid of campus unrest! I have a clear conscience. By no means will I instigate campus unrest; rather, I hope for stability and unity. Nor do I wish to dress myself up as a hero in front of my own students.

**RENMIN RIBAO Editors' Message to Readers**  
*HK2002091489 Beijing RENMIN RIBAO in Chinese*  
*20 Feb 89 p 1*

[“Springtime Message to Readers From RENMIN RIBAO Editorial Department”]

[Text] It is the Lantern Festival of the lunar calendar today. We wish that all is well with you during the springtime, and that you can expect everything to turn out as you wish.

Since we proposed the work of reforming our newspaper on 2 July 1986, we have exerted some efforts and made some progress. The messages we spread through our newspaper have been increased, and the degrees of the transparency of our reporting have also been enhanced. There is also some improvement in the way for writing

reports, and the arrangements of the layouts. But it is still fairly far from attaining the goal set by us 2 and 1/2 years ago of "giving play to our strong points, doing our best to satisfy the demand of our readers, developing the distinguishing quality of our newspaper ranging from the contents of our articles and the forms of our layout, so that our readers will feel that our articles are worth reading, our newspaper can be trusted, and is amiable to them, and that we will truly become their helpful and bosom friends." We are determined to actively and meticulously continue to push forward press reform, and to give play to the functions of the organ of the party Central Committee in a better way, so that RENMIN RIBAO will become a newspaper that the people love.

To conform with the situation of reform and to satisfy the demand of our readers, we readjust the layouts of our newspaper as of today. The first four pages will be mainly used to publish domestic and international news (main domestic and international news is published on the front page, domestic news on page two, international news on page three, and news concerning cultural and social life and sports on page four) with an aim of providing our readers with the latest information in all aspects. Various kinds of special issues and columns will be published on the remaining four pages (domestic special issues are published on page five; theories, literature and art comments, literature works, letters from readers, documents, reports, and reminiscences on page six; international special issues on page seven; and supplements and weekly abstracts on page eight). In so doing, we will be able to provide our readers with various kinds of knowledge, opinions and comments. After the readjustment of the layouts, we will further increase the amount of information provided by us, expand the topics for reporting, strengthen our efforts to write comments in a penetrating more way, and do more to reflect the voice of the masses, so that we can give play to the role of mass media in a better way and so that our newspaper will be closer to the masses and real life. To cover the richest contents in the limited space and to enhance the readability of our newspaper, we will get rid of some conventions regarding the selection and editing of our news and articles, and make some explorations with an aim of opening up a new path and blazing new trails. We hope that our innovation will be understood and supported by various quarters.

Editorial Department of  
RENMIN RIBAO

#### Military

**Military Calls For Theft, Vandalism Crackdown**  
HK1802083889 Beijing XINHUA Hong Kong Service  
in Chinese 0620 GMT 18 Feb 89

[XINHUA dispatch: "Military Installations Deliberately Damaged, JIEFANGJUN BAO Calls for Severe Crackdown"—XINHUA headline]

[Text] Beijing, 17 Feb (XINHUA)—JIEFANGJUN BAO reports today that it is a grave situation in which

defense projects and various military installations have been deliberately damaged. Personages of military circles are calling on the government for action to crack down on criminal activities of theft and deliberate damage to military installations.

Such damage has occurred everywhere in the country. An assessment based on a late December investigation of the Military Installations Administration Office under Gansu Military Command has shown that some 30 percent of military installations in three counties in that region were damaged deliberately. In one of the three counties, 95 percent of civil air defense works were damaged to varying degrees.

Damage mainly resulting from theft has gravely affected the Army's telecommunications and war preparations. Statistics show that in the 3 years between October 1985 and October 1988, high frequency wires, night flight, and fire control installations on a military airfield in Donghai were damaged repeatedly; and that a total of 383 runway guiding lights and 2,680 meters of cable were stolen in 1988 alone. As a result, there is no guarantee for flights to and from the airfield.

The letters from military organs in various places carried in JIEFANGJUN BAO point out that the failure of public security and judicial departments to crack down severely on those lawbreakers deliberately damaging military installations is a major cause leading to such damage. When an Army unit caught a criminal red-handed and sent him, along with the evidence of some iron ladders, which he had sawed off from three outposts, to the local judicial department, the department in question failed to take any measures to deal with the case, when human testimony and material evidence were produced; and the case ended with no definite resolution.

JIEFANGJUN BAO proposes the need to strengthen propaganda in the legal system regarding defense installations, and to severely punish those lawbreakers deliberately damaging military installations and affecting military operations according to the law. All social circles should also list the protection of military installations as one of the essentials in defense education.

#### Economic & Agricultural

**Austerity Program Needed To Curb Inflation**  
HK2002084889 Beijing CHINA DAILY  
in English 18 Feb 89 p 1

[By staff reporter Gu Chengwen]

[Text] China will stick firmly to its austerity policies, in spite of complaints from enterprises, a State Planning Commission official said.

The action is necessary to curb inflation, Li Fuchen, deputy director of the Department of Finance and Banking under the commission said.

Some enterprises have complained about the pinch in funds since the banks tightened loans last October.

But to check the inflation rate, which almost reached 20 percent by the end of last year, everyone should be prepared to make a sacrifice, Li said in an interview with CHINA DAILY.

Economic growth will be controlled, he said. This may affect State revenues, which last year totalled a little more than 250 billion yuan.

It may also mean workers won't get as big a wage increase as they had hoped.

The State has ordered 50 billion yuan to be cut from the 900 billion yuan needed to finish all projects under construction.

It has also urged more control on the increase in consumer spending.

Li said a huge volume of funds is in circulation in addition to over 380 billion yuan in personal bank accounts.

He said bank loans and the currency issuance have far surpassed the economic increases over the past few years.

The money supply has been growing at a steadily expanding rate. More than 20 billion yuan were put into circulation between 1984 and 1987.

Li said most money problems could be traced to management.

Inefficient or unproductive enterprises may have to close their doors or go bankrupt, he said, although he added that workers who lose their jobs should be taken care of.

He was critical of enterprises that borrow money from their own employees. This has not only affected the investment plan of the State, but has posed a risk for the workers.

Legalities are as often as not swept aside, so there is no responsibility if the business runs into trouble.

Banks are going to take measures to check these questionable borrowing practices, Li said.

He said everyone may suffer some loss in the fight against inflation but the losses would be far greater in the future if nothing was done today.

In another development, a leading State financial official has criticized the recent practice by some enterprises in raising funds through "unauthorized borrowing from abroad."

Li Guixian, State Councillor and governor of the People's Bank of China, said these enterprises sought to ease their fund shortage by converting the foreign loans into renminbi for spending on the domestic market. "Such actions will only aggravate the inflation, in addition to overburdening the country's increasing foreign debts," Li pointed out.

**BEIJING REVIEW Editorial on Inflation**  
*OW2102102089 Beijing BEIJING REVIEW  
in English 13-26 Feb 89 pp 4-5*

[("Notes from the Editors" by Dai Yannian: "Can Inflation be Cured"?)]

[Text] China's retail price index has risen annually since 1985, culminating in 1988 with a figure 18.5 percent higher than in 1987. This has spared severe public anxiety. To check inflation and solve other problems, China has set forth on a policy of improving the economic environment, rectifying the economic order and comprehensively deepening its reforms. The first target is ensuring price rises this year are lower than last year's. Naturally, it has universal popular support, but can it be realized?

Curtailing inflation involves a series of complex and related problems. First, it has to be understood why inflation needs controlling. Then its causes must be analysed, and finally effective measures taken to check it.

Previously, some people argued that a low inflation rate could stimulate and benefit economic growth.

Some Western countries have adopted such a policy and achieved successful results in the short-term. However, they did so under conditions of over-production to stimulate demand. In China, the situation is reversed: production is inadequate, and social demand outstrips supply. A slight inflation policy could only further stimulate demand, aggravate shortages and fuel inflation.

Now, many Chinese people have realized the damage done by inflation, and the Party and government have taken a clear and determined stand to curb it.

Initially it was held that China's inflation was caused by shortages of pork and vegetables. Indeed, this has been a factor contributing to price rises. But it only affects a limited number of commodities. Furthermore, as prices of pork and vegetables have gone up, their quantities have increased until their prices stabilized and even started to fall. Therefore, this factor can only cause short-term and partial price rises; China's present price hikes have gone far beyond this.

China has witnessed continued price rises across the board: in agricultural and industrial products, consumer goods and daily necessities. According to the State Statistical Bureau, 60 percent of the 1,500 commodities comprising the retail price index rose in cost during 1987, and 90 percent increase last year. The main reasons for this were the overheated economy demand outpacing supply and the excessive amount of money issued.

Most prominent has been the expansion in investment in fixed assets. At present, for example, state-owned units have committed themselves to investing 1,000 billion yuan in fixed assets—far beyond the state's financial capacity.

As a result, China is drastically pruning construction projects, checking all of them already underway, particularly auditoriums, hotels, guest houses and other large buildings. By the end of last November, 10,220 projects across the country had been either halted or postponed, cutting 33.4 billion yuan's worth of investment. The work still continues, and another 50 billion yuan is expected to be axed this year. Fixed assets investment this year are expected to be cut by 20 percent compared with that of last year.

Social consumption, an important part of the excessive demand, will also be kept under strict control. Stiff measures will be adopted to reduce group purchasing which has expanded enormously over the past few years. All funds that can fuel consumption, other than for wages and normal bonuses, will also be severely curbed.

Since 1979, China's money supply has grown at an average annual rate of more than 20 percent, while the gross national product (GNP) has been climbing at an average of just 9.4 percent.

Because of this, China's central government is now pursuing an austerity policy. The money issued this year will be tangibly less than in 1988.

At the same time, greater attention will be paid to absorbing funds lying idle in society. At present, Chinese citizens have nearly 380 billion yuan deposited in bank savings accounts, but they still hold 170 billion yuan in cash in their hands. To attract this money and offset the devaluation caused by inflation, banks have gradually raised interest rates. This measure will simultaneously increase their own resources and cut the amount of money in circulation, so reducing pressures on the market.

The state is also preparing reforms to channel surplus social funds into property by commercializing housing and selling off some small state-owned enterprises.

Reducing the inordinate social demand is indeed a drastic measure to curb inflation—like removing the firewood from beneath a cauldron. But it will be simultaneously combined with steps to increase production of farm and

sideline products, such as grain, cotton, edible oil, meat, poultry and eggs, as well as industrial goods, energy, and raw and semi-finished materials in short supply.

In order to restrict prices, market control is being tightened. Apart from state priced commodities, the government will set ceilings for goods with floating prices. For key decontrolled commodities, a price reporting system will be introduced. Price differentials between regions, and differences between purchasing and selling prices and between wholesale and retail prices will also be set by the state. According to local conditions, regulations will be passed forbidding price rises for daily necessities, which will be made known to the public so as to strengthen supervision.

On the whole, China's present policy to curb inflation appears to be sound. Indeed, the measures are proving effective: already price rises have visibly slowed.

Although this trend is expected to continue, much remains to be done to ensure all the government's measures are fully implemented. In particular, there remain some people who still need convincing of the importance and urgency of controlling inflation. Even then, completely curbing it may take a fairly long time.

**Survey Notes Lack of Confidence in Price Policy**  
*OW2002191089 Beijing XINHUA in English*  
*1223 GMT 20 Feb 89*

[Text] Beijing, February 20 (XINHUA)—About 58 percent of 1,000 Chinese surveyed by the "ECONOMIC DAILY" newspaper have said they doubt that the government can fulfill its promise to keep price hikes this year lower than in 1988.

But 27 percent of those interviewed said they are confident that the government is able to control rising prices, because the cost of grain, rent, daily necessities and the use of water and electricity have remained basically unchanged for four decades.

The views were expressed during the paper's survey of 1,000 customers at the largest department store in central Beijing.

Workers made up 31 percent of the group surveyed, "intellectuals" (non-manual workers) 22 percent, office workers, 33 percent, farmers, five percent, and soldiers and students, seven percent. Respondents came from 26 provinces, municipalities and autonomous regions in China.

The paper reports that 67 percent of the people approved of the government's decision to strictly control the amount of spending on capital construction projects.

Individual comments covered a broad spectrum of opinion:

For example, one person asked "what is the use of building so many luxury hotels?"

An army officer from northwest China's Shaanxi Province suggested that the state should reduce its export of some scarce commodities.

And a private businessman from north China's Henan Province proposed that the state should increase the price of expensive durable goods, and cut down prices for daily necessities.

**Need for Authority in Economic Life Viewed**  
*HK2102082189 Beijing JIEFANGJUN BAO in Chinese*  
*9 Feb 89 p 3*

[Article by Zhou Shanxue (0719 0810 1331): "Authority Is Essential in Modern Economic Life"]

[Text] In his article "On Authority," Engels pointed out, with the development of social production, independent action by individuals is increasingly being replaced by combined action. He said: "Combined action, the complication of processes dependent upon each other, displaces independent action by individuals," and "whoever mentions combined action speaks of organization; now, is it possible to have organization without authority?" ("Selected Works of Marx and Engels," Vol 2, p 552) Engels also used various examples to show the necessity for authority. For example, factories must ask workers to work in a punctual, coordinated manner; trains need the cooperation of an infinite number of individuals working according to precisely fixed hours if they want to operate safely; and ships need the most arbitrary authority when sailing in a vast sea. We can observe the following in social life: "On the one hand, there is a certain authority, no matter how delegated, and on the other hand, there is a certain subordination; both are things that, independent of all social organization, are imposed upon us together with the material conditions under which we produce and make products circulate." (ditto, p 553)

If authority is absolutely necessary to the normal work and safe operations of factories, railways, and ships, then authority is even more indispensable to the socialist economic construction and reform we are conducting today. We are facing modernized mass production. With the constant development of production and the constantly rising socialized level of production, the internal links of socioeconomic activities and the interdependent and mutually conditional relationships among them have also become more complicated. Given this condition, to make all links, such as production, circulation, distribution, and consumption, work in an orderly way, it is objectively necessary to have a unified, authoritative state organization to manage economic activities. It is precisely due to the objective demands of socialized mass production and the destructive pressure of economic crises that, since World War II, the developed capitalist countries and some developing countries have extensively enforced macroregulations and controls [tiao kong 6148 2235] over the

social economy and enforced planned regulations in varying degrees and forms, and that the governments have exercised wide-ranging administrative intervention in all socioeconomic fields and links.

We are practicing a planned commodity economy. Authority in state economic life is chiefly reflected in the state's ability to exercise effective control at the macro-level. With regard to major issues vital to the national economy as a whole, such as the scale of capital construction, the proportion between accumulation and consumption, and their total amounts, they must be strictly controlled by the state according to plans; arrangements for major construction projects and the production and distribution of important products must be brought into line with the state plan. Only by doing this can we maintain a basic balance between total social demand and total social supply, achieve balances between state finance, credit, materials, and foreign exchange respectively, and reach a comprehensive balance among them. This is a fundamental condition for ensuring stable economic growth. The state's authority in economic life also finds expression in its management of localities and enterprises. Given the vigorous development of the socialist commodity economy, a major subject to ensure normal economic operations is to correctly handle the interest relationships between the state, localities, enterprises, and individuals and the relationship between long-term and immediate interests, as well as to solve the various contradictions reflected by these interest relationships in economic development and the distribution of resources. To conform the economic activities of all enterprises to the overall requirements of national economic development, the state must manage, inspect, guide, and readjust enterprises by economic, administrative, and legal means as necessary. To ensure the normal operations of macroeconomic regulation and control, the state should also work out a complete set of laws and systems and set up a series of supervisory and law-enforcement organs through legislative and administrative means to standardize the conducts of various economic subjects which, without exception, must submit themselves to the state authority.

In improving the economic environment and rectifying the economic order, it is especially necessary to have authority. To create a favorable external condition for reform and to enable the economic construction to develop steadily and soundly, it is necessary to adopt resolute measures to reduce total social demand, curb inflation, and rectify the chaotic phenomena in economic life, especially in the circulation field. It would be impossible to achieve all this without central leadership authority. All localities, departments, and units must resolutely carry out the central policy decisions for improving the economic environment and rectifying the economic order. All misconduct, such as disregard for the overall situation, each person doing things in his own way, defying the leadership of one's organization, and violating discipline, should be seriously dealt with. For some time, some localities, departments, and units have

failed, to a quite serious extent, to strictly enforce state policies and decrees. They engage in following what is called, "for every policy made at the upper levels, there are countermeasures at the lower levels" and "taking a detour at the sight of a red light." Over the past few years, the state has consistently stressed the need to reduce the scale of capital construction. Why is it that we have not been able to do so? The state has repeatedly demanded that the purchasing power of institutions be kept under control. Why is it we have failed to do so despite repeated injunctions? Why is it that despite the bans on party and government cadres doing business, "official profiteering" is still very serious? An important reason is that we do not have a perfect legal system and we fail to strictly enforce the laws. By failing to strictly deal with illegal conduct, we have forfeited the authority of policies and regulations.

Some people will ask: We have consistently stressed the decentralization of power ever since the beginning of reform. Since we are stressing authority now, will this affect the reform? In fact, this sets economic invigoration against the strengthening of government authority over macrocontrol. According to the traditional economic pattern, the state exercised too rigid controls over enterprises, with the result that enterprises lacked the proper vitality. Our reform is precisely aimed at overcoming these defects so that the enterprises can be full of vitality. However, this does not mean that we can give up the state's macrocontrol. In reforming the economic structure, we should decentralize power that should be decentralized and exercise management over what should be managed. The more flexible the microcontrol, the more we should strengthen macrocontrol. There should be both flexibility and restriction, as well as relaxation and management. They are not antagonistic to each other but complement each other. Only when we make a success of macrocontrol and microflexibility can we ensure the coordinated development of the national economy. In recent years, the phenomenon of selfish departmentalism has emerged in some localities and enterprises. They pay attention only to the interests of their own localities and units. This has led to the decentralization of some administrative and management power that should have been centralized, weakened the authority of the central government over socioeconomic life, and brought about a chaotic economic order. Under these circumstances, we should stress authority, strictly enforce orders and prohibitions, and consciously safeguard overall interests and national interests. This is not only conducive to the improvement of the economic environment and the rectification of the economic order but also helps invigorate the economy and promote the in-depth development of reform.

**Official Cited on Shareholding System, Problems**  
*OW2002224489 Beijing Domestic Service  
in Mandarin 1030 GMT 20 Feb 89*

[Text] Zhang Yanning, vice minister of the State Commission for Economic Restructuring, answered reporters' questions today on the problems in connection with

the experimental introduction of the shareholding system in China's enterprises and how to solve these problems to ensure a sound development of the experiment.

On problems concerning the experimental introduction of the shareholding system in enterprises, Zhang Yanning pointed out: At present, most of the share-issuing enterprises are have good economic returns and their shares are not too risky. Some enterprises have specified the time by which shareholders may return the shares for cash, and some of them even let shareholders return the shares for cash any time they want. Such shares are in fact debenture shares of which the holders do not take a risk. A considerable part of the enterprises conducting the experiment set different dividend rates for different shareholders. Individual shareholders usually receive both dividends and bonuses, but dividend rates for state-owned shares are kept very low; hence, the principle of the same dividend rate for the same share has not been implemented. Some of the enterprises conducting the experiment set high dividend rates, as high as two or three times their profit rates on capital. Such a practice not only obstructs the development of enterprises, but also accelerates the increase of consumption funds. Some enterprises did not assess their assets before starting the shareholding system, and others deliberately underestimated their assets, causing a certain degree of loss of state or collective property.

According to Zhang Yanning, the State Commission for Economic Restructuring is working in coordination with other departments concerned with speeding up the formulation of "Regulations on Joint Stock Companies" and the unified procedures for setting up experimental joint stock companies in accordance with the instructions of the leading comrades of the Party Central Committee and the State Council. The commission is also actively formulating some supportive measures.

On the principles that must be followed by enterprises when practicing the shareholding system, Zhang Yanning pointed out: It is imperative to protect state property from encroachment. No one is allowed to turn public assets into private property or encroach upon state property in a disguised way. No one is allowed to distribute state property to individuals in the name of the shareholding system, nor is anyone permitted to recklessly issue dividends and bonuses to workers and staff members in the name of the shareholding system and thus to accelerate the increase of consumption funds. It is necessary to adhere to the industrial policies to promote the readjustment of product mix, organizational structure, and structure of production of enterprises. Joint stock companies should be set up step by step in consideration of reality and in accordance with the unified procedures for setting up experimental joint stock companies. Rushing headlong into mass action should be prevented.

Zhang Yanning pointed out: In introducing the shareholding system to China's enterprises this year and next year, the stress is put on accelerating the formulation of

relevant policies and legislation, and doing a good job in experimentally introducing a shareholding system without openly issuing shares. The shareholding system for which shares are to be issued openly will be tried out only in several selected cities. The government will exercise necessary control of the size of the area in which the experiment is conducted. Before the unified procedures for setting up experimental joint stock companies is promulgated, local authorities should postpone examining and approving any requests for setting up experimental joint stock companies which issue shares openly. It is not advisable to start more experimental joint stock companies of various categories. We should concentrate on doing a good job in the experiments which have already begun.

**Exchange Markets To Control Fluctuations**  
*HK2002073089 Beijing CHINA DAILY  
(BUSINESS WEEKLY) in English 20 Feb 89 p 1*

[By staff reporter Liu Hong]

[Text] A fund will be created this year to cope with large fluctuations of prices on the foreign exchange market in China.

The fund will be used to purchase RMB [renminbi] if there is an excessive price decline conversely, the operators of the foreign exchange transaction centres will sell RMB.

Tang Gengyao, director of the State Administration of Foreign Exchange Control, described the move to set up such a price-stabilizing fund as an effort to further develop the foreign exchange transaction centres in the direction of the market economy.

Thirty-nine provinces, special economic zones, autonomous regions and cities have their own local foreign exchange transaction centres in addition to the national transaction centre in Beijing. All the foreign exchange transaction centres are operated by the administration.

A substantial intervention fund will be needed to halt large fluctuations on the foreign exchange market, said Cheng Fukang, Deputy Director of the administration's Ningbo branch in Zhejiang Province.

Tang said \$6.26 billion changed hands on the transaction centres in the country last year. This accounted for 33.85 percent of the foreign exchange that enterprises retained as after-tax profits. It was 18 percent of the money China spent on imports last year.

The Shanghai foreign exchange transaction centre last year started operations with an experimental stabilization fund of \$3.5 million. Cheng learned this was not sufficient to play an effective role when the transaction volume on the Shanghai market reached \$700 million

last year. Cheng said a transaction centre with a trading volume of \$30 million a year, might need a fund of \$10 million to lessen drastic price fluctuations.

Foreign exchange transaction centres are designed to help enterprises balance their foreign exchange income and expenditures. The foreign exchange transaction business started in the early 1980's in China.

About \$220 million bought through the transactions centres went to a number of Sino-foreign joint ventures to help them achieve foreign exchange balances last year.

Other Sino-foreign joint ventures offered to sell \$662 million on the centres.

This indicated that ventures with foreign capital in China were yielding increasing foreign exchange earnings, Tang noted.

Further limits will be put on purchasing foreign exchange with bank loans in renminbi on the market, Tang said.

There are strict controls on spending foreign exchange to import products, except grain, chemical fertilizer and raw materials meant for production of daily necessity goods. The limits helped hold down price increases on the foreign exchange transaction centres, Tang said.

One U.S. dollar might have fetched 8 to 9 yuan on the local trading centre in Shenzhen Special Economic Zone last year when no control was applied on foreign exchange from the centre for importing luxury consumer products. The current price on the transaction centres averages 6.62 yuan for one U.S. dollar, Tang said.

Experiments allowing individuals to trade foreign exchange on these trading centres will be continued this year, Tang said.

**Key Infrastructure Projects Completed**  
*OW1702174589 Beijing XINHUA in English  
1454 GMT 17 Feb 89*

[Text] Beijing, February 17 (XINHUA)—China completed construction last year of 78 key infrastructure projects, including power stations, coal mines, railways, telecommunications and ports.

These are all weak links in China's national economy. Last year the government invested a total of 42.1 billion yuan in 203 key construction projects.

Operation of the 78 new projects will help to produce an additional 99.9 million kilowatts of electricity, 30.9 million tons of coal, 110 million bbl of crude oil, 600,000 tons of ethylene and 2.4 million tons of cement annually.

The annual cargo handling capacity in China's ports will increase by 8.7 million tons.

Completion of the Gezhouba and Jinshuitan hydroelectric power stations and six thermal power stations in east, northeast and northwest China will help to alleviate serious power shortages.

**Financial Deficits, State Finances Analyzed**  
*HK1702140189 Beijing JINGJI RIBAO in Chinese*  
30 Jan 89 p 2

[Article by Jin Zhen (6855 4176): "Contrast Between the Inside and Outside of a 'Mirror'"]

[Text] So far as a combat soldier is concerned, sizing up a situation correctly is a prerequisite in determining victory or defeat. Many people today are concerned with the state financial situation and are concerned that something will go wrong with state finances. Finance is a comprehensive mirror of the national economy and the appraisal of the financial situation is substantially a judgment of the national economic situation. Sizing up the financial situation correctly, therefore, appears to be a consideration of great significance.

Many people have grounds for being anxious about state finances. Our country's revenue has fallen short of expenditure for many years running. In the past 10 years of reform, our country has had a financial deficit for 9 of those years, the largest deficit amounting to some 17 billion yuan. According to an analysis conducted by concerned experts, our country is likely to have a financial deficit this year. Furthermore, the financial deficits in recent years are generally of the type called "hard deficits," which means that the deficits still cannot be met with the domestic and foreign loans which are included in the state budget as revenue. Thus the actual financial deficits are much higher than the figures published and account for about 15 percent of financial expenditure as analyzed by some. At the same time the current financial expenditure structure is very irrational. More than half of the money is spent and used on funds—wages—for personnel in all trades and professions; subsidies, with price subsidies being the main one, have made up a fairly large proportion of financial expenditures. Judged from different angles, the conclusion is the same—we have now evolved into "finance feeding the population." What is more troublesome is that the momentum in state finance is insufficient. The some 90,000 industrial enterprises under ownership by all the people—pillars of the state which bear 70 percent of the financial revenue—which have incurred losses for various reasons, are gradually on the increase and nearly 20 percent of them have suffered losses. In 1988, the taxes and profits submitted by all contract industrial enterprises to the state did not increase but dropped by about 5 percent. Moreover, there is still a monster awaiting us and this is the fairly large amount of domestic loans which we must repay first and the foreign loans which we must repay later.

However, viewed from another angle it is incorrect to be over anxious. In the past 10 years of reform and opening up, our country's national power has been greatly strengthened. All economists have always stressed the GNP or gross national product. Our country's GNP amounted to 1,300 billion yuan in 1988. The national income reached 1,100 billion yuan during the same period, and the state financial budgeted revenue was 255 billion yuan. In 1978, the corresponding figures were 348.2 billion, 301 billion, and 112.1 billion yuan, respectively. Over the past 10 years the economic growth rate has been higher than the world average and also that of the developed countries. Output of the main industrial and agricultural products, including cereals, cotton, iron, steel, and coal, and electricity has increased by a wide margin and foreign trade has developed quickly. All this shows that we already have a fairly solid economic foundation for our finance's steady growth. However, while economic development is relatively quick, our finances have been under great pressure. For example, in recent years, with a view to invigorating state-owned industrial enterprises, the state has successively reduced taxes and made profit concessions, totaling some 80 billion yuan, from its finances. To support education the state has successively appropriated 70 billion to 80 billion yuan from its finances in investment. In order to do a good job in urban development, all levels have appropriated 90 billion yuan from their finances. These actions along with unremitting inflation have been, to some extent, to much for state finances to handle. Revenue has continuously increased but expenditures have increased more rapidly. The difference between revenue and expenditure, the deficit, always sticks to the budget and final accounts like a leech.

Why does such an abnormal difference appear? Why is the situation on the inside of the "mirror" not the same as on the outside? An American who flew here from the other side of the ocean, 10,000 km away, put forward relatively appropriate views. He said that the financial deficits of our central authorities were not excessive but were increasing unremittingly. There are three main reasons for the present financial difficulties: 1) The subsidies form too large a proportion of the financial expenditures of the central authorities, the reduction of subsidies is determined by reforming other aspects, and these reforms do not come within the jurisdiction of the Ministry of Finance; 2) As the central and local governments are responsible for their finances, the ability of the central government structure to adjust revenue is reduced and the central government finds it very hard to increase financial revenue through tax increases; 3) Enterprises' contracted taxes also limit the government's room for adjusting taxes. This American is Mr Edwin Lim, chief economist of the World Bank. These views boil down to one point which is China's financial control measures have been weakened and much tax (money) which should have been collected was not.

Mr Lim's views are reasonable. At present, compared with the domestic situation in all aspects, our finances are in a shrinking and are too weak. This shows primarily

that the increase in financial revenue has been slower than production development for many consecutive years. The proportion of financial revenue in the national income dropped to 22 percent in 1987 and continued to decrease last year. The increase in financial revenue is much lower than price increases and although it is a growth in name, in reality, it registers a negative growth. Compared with the majority of countries in the world the proportion of our country's financial revenue in the national income is very low. For example, the Soviet Union's is about 70 percent and Hungary's is about 60 percent.

While the proportion of the financial budgeted revenue is decreasing, receipts not covered in the state budget are increasing by a large margin. The total amount of the whole country's capital not covered in the state budget has increased to some 200 billion yuan. Calculated in terms of comparable items, the receipts not covered in the state budget can be basically equated with the state budgeted revenue. With a large increase in receipts not covered in the state budget, although the larger part of it has been spent on production and construction, some units and localities have really squandered it. Some comrades said that the phenomenon "the monks are made rich but the temples are pauperized" is a relatively figurative sketch. As the "monks" become rich, they are unwilling to abstain from meat. They eat meat, drink wine, and are issued bonuses. It is unavoidable that many problems will arise.

We can see from the analysis above that as far as the overall situation is concerned, the financial situation is good, but the problems which have already arisen and are latent are fairly serious. If we overemphasize the achievements in the unremitting growth of the financial resources, but ignore the finances' excessive weakening, serious trouble will be caused and old practices will die hard. If we are extremely pessimistic about the financial situation, blame everyone and everything but ourselves, and lose confidence, we shall likely assume right for wrong and slip back into the old habits. The correct attitude is that on the basis of fully affirming the achievements, it is necessary to fully understand the problems, to judge the hour, to size up the situation, and to make a realistic choice. The key solution lies in adopting resolute measures to end to the state of weak finances. Let the inside and outside of the "mirror" be consistent. It is not too late but do not let the opportunity slip. We can no longer hesitate.

In the light of the actual situation in financial work, the CPC Central Committee and State Council have now made a decision: It is essential to step up centralization of state finances. Judging from the requirements for future development the proportion of state financial revenue in national income must be raised to 28 percent and the proportion of central financial revenue in all receipts to 60 percent to 70 percent. This is, of course, a

target which cannot be attained all at once. However, beginning now we must start studying a method and gradually advance toward this direction.

Everyone's duty is to implement this principle and to do the work well.

**New Monthly Column Introduced**  
*HK1702141989 Beijing JINGJI RIBAO in Chinese*  
*30 Jan 89 p 2*

[Column by Xie Zhenjian (6200 6966 3068) of the Department of Finance and Trade: "A Message From the Presenter"]

[Text] This special monthly column of financial and economic commentaries, which seems to have been slow in coming, meets the readers today. Finance is the mirror of the national economy. The boundless universe and magnificent appearance of economic life is likely to have a clear or hazy image here. In this special column we not only regard finance as the main content but will also try to comment on important problems which have recently arisen in the national economy. Since it is a "mirror," it must be honest and does not want to distort. It is hoped that the commentaries in this special column will attain this standard and that authoritative and reliable materials can be adopted without confining ourselves to the restrictions designated by departments; that attention must be paid to the yardstick of the relevant policies; and efforts must be made to making breakthroughs in content, writing technique, and in its ideological nature. In one word, the aim is to do our best to enable our readers to understand our country's financial and economic work better and more completely, and also enable them to understand the important situation and changes in the macroeconomy.

As the presenter of this special column, I hope that we can enjoy the support of the readers and departments concerned. All letters and articles are welcomed. Thank you all!

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**Article on Developing Enterprise Groups**  
*HK1702142289 Beijing JINGJI GUANLI in Chinese*  
*No 12, 1988 pp 17-19*

[Article by Lu Yuanzong (0712 0337 3827) and edited by Shen Zhiyu (3088 1807 3342); "Thoughts on Developing Enterprise Groups—Starting From a Breakthrough of the 'Three No Changes'"]

**[Text] I. Breaking Through the "Three No Changes"  
To Open Up a Wide Road for the Development of  
Enterprise Groups**

In the course of the combination of enterprises, the principle of the "three no changes" refers to there being no change in the subordinate relationship, no change in

the relations of the ownership system, and no change in the delivery channel for funds to the treasury. In order to minimize the conflicts between the combinations and the old structure during the initial stage of the development, where there is no important change in the old plan and resources, financial structure and market development are still very immature, this principle did play a certain active role. However, when the lateral combination of enterprises has developed to a higher level—formation of enterprise groups,—the above-mentioned "three no changes" became a serious impeding factor.

The basic means to break through the "three no changes" consist of first, pushing the full development of the market, and forming an integrated and united market system (including products market, material resources market, capital market, technology market, labor force market, stock market, and so forth). This is because: Under the conditions of capital funds and material resources principally depending on distribution by the administrative departments of the various departments and localities, the enterprises conceive a large subordinate character to the administrative departments and it is difficult for them to shake off the bondage of their administrative subordinate relationship. In order to break this relationship, it is necessary to form an integrated and united market system so that the enterprises can directly procure from the markets the various product essential elements they need, thus eliminating their dependence on the administrative departments and enabling them to become truly independent economic entities. Second, enforcing the stock-holding system and breaking the original unitary pattern of the system of ownership. Enforcing the stock-holding system, following the principle of "jointly raising the capital funds, jointly sharing the risks, declaring dividends to shareholders, and all sharing the benefits," there being no differentiation between state-owned, collective, and individually owned enterprises but having each investing in the shares with funds or equipment, or technology or the money worth of patent rights or trademarks, and forming a situation of close combination with enterprises under the various forms of the system of ownership infiltrating into each other and being part of each other—all these will effectively expand the scope of the combination, and increase the cooperative and dimensional benefits. At the same time, the condensing power and centripetal force of the enterprise groups will be augmented.

Market development and the building up of a market structure require a relatively long process of development. Before the formation of a unified and integrated market structure, we may adopt certain transitional measures to break or weaken the passive role of the "three no changes" versus the enterprise groups. The principal measures are: (1) By means of leasing and contracting measures, we can weaken the administrative subordinate relationship of the enterprises. In the course of the formation and development of the enterprise groups, the enterprise groups of leading enterprises can consult with the departments in charge of the constituent members of the groups and sign leasing or contracting

agreements, thus separating the management power from the ownership right of the enterprise. The management or operation power will then be within the grasp of the enterprise group. Thus administrative intervention by the departments in charge will be weakened. At the same time, this will increase the degree of tightness in the organizational structure of the enterprise groups, which, in turn, will facilitate the unified arrangement and coordination of the various production and operation activities. (2) In the case of enterprises not suited to the control of the original departments in charge and enterprises on the verge of bankruptcy, the method of actually taking over the merger may be adopted through due negotiations. This will completely dissolve the subordinate relationship of the enterprises with the departments in charge, and the enterprises will become the constituent parts of the enterprise group. (3) Enforcing the stock-holding system and organizing group stock-holding companies. First, the state and the localities will set up investment companies to manage and handle stocks and shares. The department in charge of the member enterprises of the enterprise group can, through the investment company, obtain the portion of the shares of the enterprise group equal in value to that of the volume of assets of the enterprises subordinate to them and thereby become shareholders of the group stock-holding company. Aside from designating directors to take part in the company's management, the departments in charge concerned will not directly take part in management of the enterprise. Since the company is formed by many parties and the power of the board of directors is more or less dispersed, the administrative intervention of the departments in charge can be weakened or avoided. (4) Enforcing level-by-level planned separate listing. That is, comprehensive economic planning departments of the state and localities may, over the heads of the original departments in charge of the enterprises, directly and separately issue planned targets to the enterprise groups, and create appropriate conditions with respect to capital funds, material resources, and manpower, to enable the enterprise groups, serving under the guidance of the state or local plans, to independently and autonomously carry out their production and operation activities.

In the enforcement of the separate listing under the plan, the enterprise groups concerned should be up to certain definite conditions: The enterprise group commands a place of vital importance in the national economy; its products are important products and have a bearing on the national economy and the people's livelihood; its operations and management are of the first-rate level equal to that of the same industries and trades in the country; they should be economic entities which are autonomously run, solely responsible for their own profits and losses, and possess the status of a legal person. Planned separate listing can be divided into different grades or levels such as the state, province (autonomous region) and directly subordinate municipalities. Planned separate listing should contain the principal targets of the economic and social development plan, that is, the principal targets on production, materials, fixed assets

investment, introduction of technology, product marketing, import and export trade, finance, and labor wages. In addition, it should gradually create the conditions for the enforcement of planned separate listing with respect to finance and credit and loans. Through enforcement of all-around planned separate listing, member enterprises of the groups are liberated from the control of the original departments in charge.

## **II. Enforcing Policy Guidance and Economic Demonstration To Prevent Grouping Blindly**

At present, an "enterprise group fever" has appeared in many localities. It has led to a relative blind state in the formation and development of certain groups. For example, many enterprises, without having fully demonstrated their qualification have been hastily formed into "enterprise groups;" certain loose economic bodies or administrative companies on the verge of dissolution have changed their names to "enterprise groups;" and some departments in charge have forcibly joined the enterprises under them and formed "enterprise groups" of the closed-door variety. Obviously, many of these "groups" do not possess the basic conditions of enterprise groups and are unable to display the special functions of the groups; while some do not conform with the demands of a rationalized industrial structure, thus leading to confusion and maladjustment in the economic structure. This affects the normal development of the national economy.

The principal ways to prevent the blind formation of groups are: (1) compilation of a rational industrial policy, guiding the formation and development of enterprise groups. At present, our country's industrial policy is not clear or definite. It is necessary, after full investigation and study, to formulate a clear-cut and definite industrial policy. In fixing a clear-cut industrial policy, first we must determine the major industries, the rank-and-file industries and industries whose development is to be restricted. Following this, different policies should be adopted to apply to industries of different categories and their enterprise groups. The major industries should be those which are essential to the development of the national economy. They include: a) Basic industries forming the prerequisite conditions for the development of the national economy such as iron and steel, principal chemical materials, energy, construction materials, communications, post and telecommunications; b) high-technology and guiding industries such as electronics, new energies, new materials, aeronautics, biological engineering, intelligence and information, and so forth; and c) pillar industries occupying a leadership position in the current national economy such as machine building, light textiles, construction, and household electrical appliances. To the major industries and their enterprise groups, a slanting preferential policy should be accorded so as to support their development. The degree of the slanting policy should be determined on the basis of the concrete industries and their actual needs. As for the

enterprise groups of the ordinary industries, the departments in charge under the state and the local governments should give them definite guidance, but principal reliance should be placed on the groups themselves in market competition of the survival of the fittest and thus let them sink or float. Regarding enterprise groups which do not conform with the rationalized demands of the industrial structure, their organization and development should be restricted through application of the economic policy and administrative measures.

(2) In organizing enterprise groups, we must carry out a detailed economic analysis and a test and demonstration of their feasibility. The concrete contents should principally include: a) Whether or not the group conforms with the rationalized demands of the industrial structure; b) is the degree of the liaison and relationship between the member enterprises of the group with respect to production, technology, and finance high enough to help and support each other; c) the quality of the enterprise leadership and the operation and management level; d) whether the group can form a nucleus layer organized by enterprises with innate economic liaisons; e) state of the quality and capability of the composition of the groups leadership personnel; f) is the formation between the members of the group a volunteer one and is there a relatively stronger condensing force and centripetal force; g) does the group have a strong technological and developing power, and does it have any new products that are well-known, special, and of superior quality, or which have further development prospects; h) condition of the group's plants and equipment and estimate of their production capacity; i) conditions for the raising of funds and supply of material resources; j) the group's development plan and forecast of its benefits; and so on. The enterprise group can be legally established only after a full analytical study, test, and demonstration have been made, a report on the economic analysis and feasibility of the project has been submitted and approved, and registration duly made.

## **III. Actively Create Conditions Pushing the Group's Development Into an Organization Featuring the Unification of Finance, Scientific Research, and Production**

At present, by far the majority of enterprise groups take well-known or major products as the driving force, large backbone enterprises as the nucleus, medium-sized and small enterprises which have innate liaisons in production and operation as members and thus form a joint organization of the production operation type or operation and service type. These enterprise groups suffer from the limitations of capital and technical development ability and their development is vastly affected. With the rapid development of science and technology and the serious daily growth of economic and market competition, enterprise groups hope for not only the availability of scientific research organs to help them to develop new products of a high, excellent, and top-notch grade but also the presence of banks to act as their strong financial supporters, helping

them to merge funds and providing them with loans. For their part, scientific research organs hope that their scientific research fruits can be speedily put into production while the banks hope to reduce the investment risks and to increase the social benefits of the use of funds. The three parties combine to conform with the common interests and wishes of the various sides. Hence, the realization of an organizational structure of three parties in one is not only possible but also the natural trend in the development of enterprise groups.

The development of enterprise groups into three-in-one organs of finance, scientific research and production has many outstanding strong points. The principal ones are: (1) Manifesting the guiding role of science and technology in economic development and speeding up the concrete applications of the fruits of scientific research; (2) helping the groups in raising funds and their internal merging of funds, and enabling the groups to possess strong financial power and development ability, thus creating superior conditions for their participation in domestic and foreign economic competitions; (3) being beneficial to the banks directly guiding the groups in the direction of investment and production and operation activities, and making development conform with the demands of the economic guidelines and policies of the state and the localities so that it will not deviate from the correct track of the development of the national economy; and, (4) due to the increase in the groups' economic, technological, and productive strength and the effective increase of the merging force between the various member units, producing successively increasing dimensional benefits and pushing the continuous development of group economy.

The conversion of an enterprise group into a unified body of finance, scientific research, and production generally requires two stages. In the first stage, which is strengthening the union of production with scientific research and finance, various forms may be adopted, such as: The union of the existing enterprise group with a scientific research unit and a bank; an enterprise, a scientific research unit, and a bank forming a united body; an enterprise group, strong in actual strength, organizing a bank by itself and combining with a scientific research unit; or a bank creating, running, or amalgamating the enterprise and combining with a scientific research unit. Whatever form adopted should be based on, and determined by, the concrete conditions. In the second stage, the stock-holding system is enforced to push the unification of the three parties. By means of the enterprise, scientific research unit, and bank buying the shares and reciprocally participating in each other's shares and stocks, they are closely linked into one body in investment and property relations. With the common investment interests effectively increasing the group's merging and centripetal forces, the group is converted into a tightly combined and unified body, fully displaying its own strong points in the economic, technological, and production sectors.

In developing an enterprise group into a unified structure of finance, scientific research, and production, there must be definite internal and external conditions demanding both the macroeconomic and the microeconomic to turn to reform and coordination and to adopt effective measures in deepening the reform, the major ones of which are: (1) Speeding up the commercialization of the specialized banks. Making the bank become an economic entity which is run autonomously and is solely responsible for its own profits and losses, and rendering it able to selectively combine with enterprises and scientific research units to expand its business scope, elevate its investment effects and increase the profits. (2) Stepping up the stages in the reform of the scientific research system. First, scientific research departments must be accorded with more autonomous power and enabled to become independent scientific research business units; second, the scientific research organizational structure should be readjusted so that it can develop in the same direction as the organizational structure of the enterprise group and the two can be smoothly combined. Third, we should encourage and support the combination of scientific research units with the enterprise. The government can employ the method of floating industrial bonds to provide them with sinking funds against technological risks or insurance guarantee funds, pushing scientific research departments and the enterprise groups to jointly carry out technological development. (3) Speeding up the development of the stock holding system. Enforcing the stock-holding system by the enterprise groups can provide creative conditions for the scientific research units, banks, and enterprises. (4) Reform of financial structure. Following the rapid development of enterprise groups, by and large the local specialized banks cannot satisfy their requirements for development funds. Hence, it is necessary to allow the specialized banks to carry out transregional and trans-industry-and-trade combination, forming banking syndicates to provide enterprise groups with loans; moreover, with the enterprise group and the scientific research units they can form a united body of finance, scientific research, and production of the pattern of a banking syndicate. In addition, to facilitate the enterprise group in raising funds and internally merging funds, enterprise groups with the requisite conditions may establish their own financial organs (banks, trust investment companies, and so forth), serving as economic centers for internal and external liaison. Their functions should be to invest in enterprise groups and to merge funds between their member units; also to establish transaction relations with the specialized banks and financial organs, and to entrust certain banks to act for them in financial business; if such organs have been sanctioned, they can also raise funds from society. (5) Gradually establishing a deregulated long-term capital market. For the sake of meeting the daily increasing demand for funds in the development of enterprise groups, we may, on the basis of the existing short-term and regional capital markets,

gradually establish a long-term capital market of a deregulated nature which adopts the measures of floating bonds, selling stocks and shares, and transferring negotiable securities to raise funds.

**Government To Control Farm Supply Prices**  
*OW1802062789 Beijing XINHUA Domestic Service  
in Chinese 1226 GMT 17 Feb 89*

[“Local Broadcast News Service”]

[Text] Beijing, 17 Feb (XINHUA)—The State Administration of Commodity Prices recently issued a circular on reviewing the prices of farming production for the spring farming period.

The circular pointed out: In carrying out the review of farming production prices for this year, we must primarily check for chemical fertilizer, diesel oil, plastic sheets for farming, and insecticides since the announcement of the “Decision of the State Council on Exclusive Buying and Selling of Chemical Fertilizer, Insecticide and Plastic Sheets for Farming.” In handling major cases, we may trace them to 1988. Efforts must be made to thoroughly check the various links in the production and circulation chain. It is necessary to absolutely ban illegal buying and selling at staggering profits, reduce the number of middlemen, and ensure that farming production means will

be sold to the peasants through the regular channels and at the state-fixed prices to protect their interests and promote agricultural production. Through this review, we must absolutely combat the practice of selling production means included in the state plan at a much higher price, than those not included; end price fixing and selling items above the price ceiling; and ban speculation and profiteering. We must combat the unsavory practice of selling inferior goods as high-quality merchandise, adding surcharges, or raising selling prices or inflating them in some disguised way. All illegal activities uncovered in the course of conducting the price review must be handled according to the “Regulations of the State Administration of Commodity Prices on Penalties for Illegal Practices with Regard to Price Control.”

This year's mass review begins now, and will end before early May. It is essential to further improve the measures and the systems for controlling the price of farming production means, while dealing with the problems discovered in the course of carrying out the mass review.

The circular also called on all price checking organs to earnestly handle cases reported by the masses. Those who have reported illegal cases and rendered meritorious service should be properly commended according to the regulations.

## East Region

### Anhui's Lu Rongjing Visits Pingwei Power Plant

OW1702125489 Hefei Anhui Provincial Service  
in Mandarin 1100 GMT 14 Feb 89

[Text] Lu Rongjing, secretary of the provincial party committee and provincial governor, and Liu Guangcai, member of the Standing Committee and director of the Organization Department of the provincial party committee, made a special trip from HuaiBei to Huainan yesterday to extend Spring Festival greetings to workers of the power industry and coal mines there.

Yesterday afternoon Lu Rongjing, Shao Ming, and Long Nian went to the Pingwei Power Plant, which has a single generator and a capacity of 600,000 kw, and the relevant authorities briefed them on installing and testing generating sets.

In view of some pessimistic and passive sentiment in society today, Governor Lu said: Man should have some spiritual strength. The Pingwei Power Plant has been praised by Premier Li Peng for ranking first in the nation in terms of single-generator installed capacity. This would not have been possible without some spiritual strength. Now, people always say Anhui is poor and backward. This is a fact. There are many problems in our work, and this is also a fact. We accept sincere and constructive criticism. However, we should not dismiss the labor of the 50 million people and the 2 million party members in our province. We should not underestimate the achievements in our work. We could not have accomplished such undertakings as the Pingwei Power Plant, which ranks first in the nation, if we were not up to a first-class standard.

We should sum up our experiences, exert ourselves, and progress. It is hopeless to just sit and talk theory. It is imperative that we overcome negative sentiments and lift spirits in order to promote Anhui's development. We all should foster the spirit of setting a first-class standard.

Governor Lu also repeatedly stressed how the energy supply is restricting the economy, saying: All quarters should display fine traditions, regard the undertakings in Huainan and HuaiBei as a cause for the party and the people and their own business, assume responsibilities, and make more contributions.

### Fujian's Chen Guangyi Discusses Party-Building

OW1702044789 Fuzhou FUJIAN RIBAO in Chinese  
3 Feb 89 p 1

[Text] The provincial party committee has decided to hold a work conference on party-building in March. The preparatory group for this conference held a meeting yesterday to study preparatory work. It also called on party committees at all levels to devote more energy to party-building.

Yesterday's meeting was attended by leaders of the General Office, the Organization Department, and the Propaganda Department of the provincial party committee; the provincial Discipline Inspection Commission; the Political Reform Commission; and the Department of Supervision, as well as comrades from some mass media. The meeting was chaired by Zhao Xuemin, head of the preparatory group for the provincial party-building work conference.

Addressing the meeting, Chen Guangyi, secretary of the provincial party committee, pointed out: Party committees at all levels should seriously study the guidelines contained in the party Central Committee's recent instruction on stepping up efforts for party-building. They should persist in grasping two tasks: the development of the socialist commodity economy and work in the ideological and political fields. Regarding the latter, the key task is to do well in party-building. Currently, particular attention should be paid to ensuring corruption-free administration. Since Fujian is a province open to the outside world, party members and cadres with party membership are required to meet more stringent demands and should have a higher degree of awareness to keep themselves free of corruption. Chen Guangyi stressed: At any time, we should know that our main trend, orientation, and road are correct. In marching forward, we may, of course, meet with setbacks and difficulties. The greater the difficulties, the more we need to gear up the work of party-building, to increase unity within the party, and to enhance our party's attraction to the masses. Party committees at all levels should put party-building high on their agenda and devote more effort to this work.

Comrade Chen Guangyi pointed out: The forthcoming provincial work conference on party-building will be an important meeting. It should manifest the guidelines of the 13th CPC National Congress and the tenet of improving the economic environment, rectifying economic order, and comprehensively deepening reform, as stated at the 3d Plenary Session of the 13th CPC Central Committee. It is imperative to do the preparatory work seriously to make the conference a real success. First, we should enhance our awareness, achieve unity in thinking, and especially unify the understanding of leading cadres and organs at all levels regarding the current situation, as well as the general principle and policy of conducting reform and opening up to the outside world. Second, we should, through the convocation of this conference, make it a general practice for party committees at all levels to grasp the work of party-building. Third, it is necessary to solve those questions regarding how to grasp party-building, such as how to do this work, what demands party members and leading cadres with party membership are required to meet, and what systems should be introduced to ensure corruption-free administration. All these require clear-cut and concrete provisions.

**Fujian Secretary Discusses Developing Forestry**  
*OW1702102089 Fuzhou FUJIAN RIBAO in Chinese*  
*3 Feb 89 pp 1-2*

[By reporter Gong Qing]

[Text] Chen Guangyi, secretary of the Fujian Provincial CPC Committee, recently led leaders of relevant departments, including the Fujian Provincial Planning Commission and the provincial Forestry Department, to nine counties (cities, areas) in Sanming Prefecture to survey forestry there and study its development.

Chen Guangyi and his entourage visited Youxi, Shaxian, Datian, Yongan, Ninghua, Qingliu, and Mingxi Counties as well as Sanyuan and Meilie areas from 19 January to 27 January. They inspected fast-growing high-yield forests, sapling gardens, forestry research institutes, wood processing factories, and some rural hilly areas with serious soil erosion. They also visited grass-roots cadres, workers, forestry experts, and responsible persons of shareholding afforestation organizations. In addition, they held several forums to discuss special topics. During his survey and study, Chen Guangyi inquired about how the shareholding afforestation organizations issued dividends to shareholders, collected forestry fees or taxes, planted fast-growing high-yield forests, cultivated fine varieties, and aroused the forestry workers' initiative. He was seen taking detailed notes. On 26 January, he invited leaders of the relevant departments directly under the Fujian Provincial Government as well as principal leaders of Longyan and Nanping areas to Sanming to study the forestry development there.

Based on his survey and study, Comrade Chen Guangyi expressed important views on forestry. He pointed out: The central authorities have asked us to make efforts to develop agriculture. We must proceed from Fujian's practical situation. We must continue to pay attention to developing resources in mountains and seas while endeavoring to produce grain. We must pay attention to developing forestry. Fujian's hope, in a sense, lies in forestry, and its prosperity depends on forestry, according to my survey findings. He analyzed Fujian's advantages, disadvantages, and potential in developing forestry. He maintained that we must understand the importance and function of forestry, and establish a clear-cut guiding ideology and goal. Ideologically, he said, we must establish new concepts, persist in reform in doing our work, and arouse the initiative of people from all quarters to enable forestry to really become a major pillar of Fujian's economy.

Comrade Chen Guangyi said:

**We Must Understand the Importance of Forestry**

Historically, the central authorities have paid close attention to forestry. Comrade Deng Xiaoping said: Tree planting and afforestation to green the motherland is a

great undertaking beneficial to future generations. We must persist in it in the next 20 years, 100 years, and even 1,000 years. We must do it from one generation to another.

Fujian Province is one of the key forest zones in South China. Its timber production ranks fourth in China. Therefore, the province directly and indirectly turns over considerable amounts of taxes and profits to the state. In addition, forestry is an important industry in developing an export-oriented economy. It is also an important source of income, and an important way for the people to shake off poverty and create wealth. Seven counties in Sanming Prefecture are both grain and forestry bases. Where there are forests, there is food and money. People have metaphorically said: Forests are dams, money boxes, and barns. Forestry is a green industry. It yields very good ecological benefit as well as social benefit. Therefore, forestry plays a very important and decisive role in developing Fujian's economy and catering to people's needs in their daily lives. In a word, it is beneficial for future generations to develop forestry.

However, we must also soberly understand the problems and crises we encounter in developing forestry. Excessive logging has drastically reduced timber reserves. Felling of trees has exceeded their rate of growth, causing a deteriorating ecological environment, serious soil erosion, and frequent floods and drought. Fujian's 26 million mu of land suitable for afforestation remain to be greened, and its 6 million mu of sparse forests remain to be transformed. The phenomenon of some localities making use of mountain resources without afforesting mountains continues to prevail, as well as that of holding up a "gold bowl" to beg for food [meaning: they don't know how to make good and proper use of mountains]. Leaders at various levels must improve their understanding by regarding forestry as strategically important in developing the national economy.

Our guiding ideology must be further clarified. By taking advantage of the current campaign for improving the economic environment, rectifying economic order, and carrying out reform in a comprehensive manner, and by taking advantage of the opportunity to carry out state-approved overall experimental reform in the Sanming collective-owned forest zone, we must reform forestry in a comprehensive manner, fully develop the initiative of the people of various quarters, and improve the forestry industry's capacity for self-development. We must expedite afforestation and greening, and promote the establishment of bases for marketable forests. With afforestation as our major concern, we must develop, manage, and utilize forestry in a comprehensive manner. In addition, we must steadily increase forest resources; realize the organic integration of economic results, ecological benefit, and social benefit yielded by forestry; and strive to basically complete, in 6 to 7 years, the task of afforesting and greening barren mountains suitable for afforestation, so as to contribute more to Fujian's economic development.

### We Must Establish New Ideas

On my current investigation tour of Sanming Prefecture, I especially feel that the forestry industry is something we cannot afford to neglect. Leaders at all levels must enhance their sense of responsibility and urgency, change their ways of thinking, broaden their mind, and guide forestry industrial development with a view to achieving modern mass production.

First, we should establish the idea of a multifront forestry industry. Forestry industry is not just planting a few trees and cultivating a few forests, but promoting the cultivation of forests, bamboo, tea, fruit, medicinal herbs, and so forth; developing advanced processing industry using timber as a raw material; and establishing a forestry industrial economy.

Second, we should establish the idea of extensive greening. We must not only green cities and towns, but also rural areas, mountains, and plains. We must plant trees and grasses wherever suitable, and at the same time plant shrubs, bushes, and grasses, in order to cover Fujian Province with green.

Third, we should have an understanding of the economic results of modern forestry industry. Forestry industry has a relatively long production cycle. There have been two tendencies in the past. One is to make short-term investments in an attempt to reap instant benefits while ignoring cultivation and protection of forests. The other is to stress long-term economic results while neglecting short-term benefits for forestry workers. To correct this, we must have an understanding of the economic results of forestry industry. We must develop forestry industry in an all-around manner, diversify the industry, take into consideration long-term and short-term benefits, and use profits gained from short-term investments to improve long-term economic results.

Fourth, we should establish the idea of paying attention to both developing and protecting forests. Merely paying attention to protecting forests does not yield good economic results. Instead, we must strengthen forest protection while expanding forest acreage. We may select places with good natural conditions for highly intensive cultivation of specific types of trees, strive to increase per mou output, and reduce timber consumption in production and daily life in order to better protect a large part of our forests and thereby enrich our forestry resources.

Fifth, we should establish the idea of paying equal attention to developing and conserving forests. Over the years, we have stressed developing forests while doing little to economize on the use of forestry products. Illegal logging has been rampant, and waste of forestry products has been serious. The use of timber as firewood alone consumes about 10 million cubic meters of timber a year, accounting for one third of the province's annual timber consumption. Therefore, we must pay attention

to both afforestation and economy in the use of timber. Forestry processing industry must make full use of raw materials, reduce losses, and make more efficient use of timber. In addition, we must diversify energy resources and use other kinds of energy to replace firewood. Edible fungus producers must pay attention to ensuring the availability of timber needed.

Sixth, we should establish the idea of promoting forestry industry by all people. Promoting forestry industry is not only a task of forestry departments, state forestry centers, and cutting areas, but an important work which affects the national economy and the people's livelihood, and which has something to do with everyone. Business that affects everyone should be done by everyone. The central authorities have repeatedly called for launching afforestation activities among the masses. Comrade Deng Xiaoping took the lead in planting trees and personally promoted forestry industry, setting a good example for us.

### We Must Take New Actions

Since the development of forestry industry is such an important and arduous task, carrying out this task in a conventional way will obviously not work. Big progress can be made and set goals can be fulfilled only if we look at the overall situation from the viewpoint of reform, take new measures and decisive actions, and create a general trend of developing forestry industry.

First, we must sum up and promote new experience in arousing forest growers' enthusiasm. We must improve the responsibility system in forestry production on the basis of the "three quotas," further facilitate circulation links, and solve problems of wantonly collecting taxes and fees and pocketing profits at various levels, in order to protect producers' interests. Sanming's efforts to set up forestry industry shareholders organizations have quite successfully eliminated the problem of collective forestry centers "eating from the same big rice bowl" in afforestation, forest protection, and profit sharing. These efforts warrant approval. In carrying out its experimental reforms in forestry centers, Sanming Prefecture should take bold steps to reform its forest cultivation and management mechanism and its forestry management system; to establish forestry assets and forestry fund systems; and to explore new ways to manage, organize, and develop collective forestry centers, in order to gain new experience.

Second, we must open new channels for investment. With regard to investment in forestry, specific support should be given by the provincial authorities, but the main source of funds for investment is the revenue earned from forestry. In other words, the forestry industry should recycle its funds to increase the value of its assets. In accordance with the "Forest Law" and the relevant provisions stipulated by the central authorities, a forestry foundation should be established so as to pool all funds which can be used for forestry development.

Arrangements should also be made to enable forestry departments to use each other's surplus funds as interest-bearing loans so that money can be utilized more efficiently. In addition, a special afforestation fund should be established for the purpose of using revenue earned from forestry to further develop forestry. Efforts should also be made to develop various collective forestry industry entities and mobilize the masses to invest in these entities or work for them. Where conditions permit, foreign capital, overseas Chinese investment, and Taiwan investment may be actively solicited to develop forestry in our province.

Third, new breakthroughs should be made in forestry science and technology. We should take feasible measures to change the present state of our forestry industry marked by backwardness in science and technology and poor efficiency of work. At present, emphasis should be put on the development of new forest cultivation technology, particularly the selection of good strains of trees. Work should be put in high gear to commercialize scientific research results and popularize advanced forestry technology. In addition, it is necessary to train forestry development personnel at various levels and implement the principle of "double flexibility" so as to fully arouse the initiative of scientific and technical personnel and make them stay willingly at their work posts.

Fourth, we should study new tasks in developing forestry. At present, we should quicken the pace in building fast-growing and highly productive forest farms and exercise intensive management over them so as to increase the lumber yield. We should also develop industries for intensive processing of forest products. A series of multilevel development projects involving various tree species should be launched so to achieve the goal of multipurpose utilization of forest products. Other projects to be carried out are joint development of mountain forests and sea resources, afforestation of interregional barren mountains on a contract basis, and joint development of forest bases in collaboration with lumber-using units. In short, we should open a new way for the development of a market-oriented forestry industry.

In conclusion, Comrade Chen Guangyi stressed that forestry is an undertaking that depends on mass efforts. As in helping people out of poverty, we should mobilize all forces and inspire the enthusiasm of all sectors in society to support forestry and go all out for its development. We should see to it that the state, collectives, and individuals all exert themselves for this. Moreover, we should pay more attention to giving proper work guidance on a case-by-case basis and set different work demands for different localities. Leaders at various levels and the authorities in charge of forestry should establish a system of individual responsibility to ensure that certain objectives are achieved during their tenure. Mandatory targets should be set for such work as afforestation. Those responsible for the work should be required to sign a "pledge for fulfillment of duty," and there

should be a proper system for the examination, supervision, and appraisal of their performance. Those units and individuals who have successfully fulfilled their work should be richly rewarded, while those who have failed to fulfill their duties and have been incompetent in their work should be dealt with on a case-by-case basis.

Comrades from the two prefectures and one city and from the provincial departments concerned unanimously agreed that it was absolutely necessary and timely to raise the question of developing forestry at this time. They suggested that a forestry meeting be held at an opportune time this year so as to further define the targeted tasks, policies, and measures for our province's forestry development. From now on, they said, serious efforts should be made to prepare for this meeting. Meanwhile, the present work should be done in a down-to-earth way. It is necessary to seize the time; mobilize the masses on a wide scale; make available enough tree saplings; and give proper guidance in order to launch an upsurge in spring afforestation, ensure quality work, and overfulfill afforestation targets.

#### Further on Chen's Remarks

*OW1702055789 Fuzhou Fujian Provincial Service  
in Mandarin 1100 GMT 15 Feb 89*

[Text] Chen Guangyi, secretary of the provincial party committee, called on the provincial Forestry Department on the morning of 15 February. After being briefed by Lai Jirui, director of the department, Chen Guangyi called for efforts to increase the total afforested acreage in Fujian to 100 million mu before 1990, with over 50 percent of areas wooded, and to plant trees on all barren mountains suitable for afforestation within 7 years.

Chen Guangyi said: Determined efforts must be made to promote afforestation, which means boundless benefit for future generations. As we have helped the impoverished areas, we should work assiduously for a few years to achieve concrete results.

He stressed: It is necessary to clearly set the afforestation target, tasks, and demands for every county and establish a responsibility system for leaders during their tenure. Those who score outstanding achievements should be rewarded, and those who fail to achieve tangible results punished. Barren mountains must be afforested by stages and in groups. In striving to basically afforest all barren mountains in Fujian within 7 years, trees should be planted on them within 3, 5, or 7 years.

He also called on all relevant departments to actively support forestry production and mobilize the people throughout the province to exert themselves to achieve the target. The afforestation tasks for this year must be completed with good quality materials. It is necessary to adopt aerial sowing and other artificial means of afforestation, close hillsides to facilitate afforestation, and extend the tree planting season in order to accelerate the pace of afforestation.

Chen Guangyi said: It is necessary to make this year's forestry work conference a success by summarizing useful experience, presenting good reports, working out effective policies, improving efficiency, and commending outstanding people and practices.

In conclusion, Comrade Chen Guangyi asked cadres, staff members, and workers of the Forestry Department to convey his warm regards to the vast number of people engaged in forestry production. He urged them to make good use of Fujian's numerous mountains to further promote forestry production, thereby contributing to the nation's four modernizations drive.

**Chen Guangyi Attends Fujian Spring Festival Party**  
*OW1702044489 Fuzhou FUJIAN RIBAO in Chinese  
1 Feb 89 p 1*

[Dispatch by Wang Ruisheng]

[Excerpts] The provincial Advisory Commission sponsored a Spring Festival tea party on the morning of 31 January at the Xihu Guesthouse.

Lu Dingyi, member of the Standing Committee of the Central Advisory Commission, was invited to the tea party, and he delivered a speech. Leaders of the provincial party committee, the provincial Advisory Commission, and the provincial government, including Chen Guangyi, Jia Qinglin, Hu Hong, Zhang Kehui, Yuan Qitong, He Shaochuan, Lin Kaiqin, Wen Fushan, Zhang Gexin, Huang Ming, Chen Mingyi, and Su Changpei, came to the party to extend Spring Festival greetings to members of the provincial Advisory Commission, as well as veteran comrades.

The tea party was presided over by Hu Hong, chairman of the provincial Advisory Commission. Chen Guangyi, secretary of the provincial party committee, took the lead in extending Spring Festival greetings to those present and to all veteran comrades in the province on behalf of the provincial party committee. He wished them happiness in the new spring, good health, and a happy family life. [passage omitted]

In his speech, Chen Guangyi briefed the veteran comrades on the current situation and tasks in the province. He said: Our achievements in all fields over the past year were linked with the painstaking efforts of our veteran comrades. In the past, the veteran comrades made immortal contributions in the long revolutionary struggle and construction. Now, they continue to make contributions by offering suggestions for the great cause of the four modernizations. He stressed: In the new year, we must persist in grasping two tasks. That is, we must grasp the development of the socialist commodity economy and productive forces on the one hand, and the ideological and political work on the other. Our party organizations at all levels should devote more effort to

improving themselves, ensuring cadres' incorruptibility, and promoting socialist spiritual civilization. In this regard, our veteran comrades should play a still greater role. [passage omitted]

Veteran comrades Wei Jinshui, Wu Hongxiang, Jia Junmin, Huang Yaguang, Xu Yuqing, and He Ruoren attended the tea party.

**Fujian Leaders Visit, Greet Army Units**  
*OW1602104189 Fuzhou FUJIAN RIBAO in Chinese  
2 Feb 89 p 1*

[Excerpts] In the past few days, several provincial groups have visited PLA units, companies, islands, and hospitals to convey festive greetings and appreciation to people's soldiers stationed in Fujian.

In Xiamen, all members of a group headed by Governor Wang Zhaoguo gathered together with leaders of an Army group stationed in Xiamen. They talked freely about the new changes that reform has brought to the localities and PLA units and the profound sentiments between the Army and the people. [passage omitted]

Provincial leaders including Wang Zhaoguo, Xiao Jian, Chen Mingyi, Su Changpei, and Gao Hu also led groups that traveled to the provincial military district; Huangqi, Lianjiang County; the 8th Air Force Unit; the Fujian Naval Base; and the Fuzhou General Hospital under the Nanjing Military Region. [passage omitted]

**Shanghai's Zhu Rongji Calls on Opera Actors**  
*OW1702141789 Shanghai City Service in Mandarin  
2300 GMT 16 Feb 89*

[Excerpt] According to JIEFANG RIBAO and WEN HUI BAO, Mayor Zhu Rongji braved the rain to call on the Beijing opera actors who were performing at the Shanghai Theater on the afternoon of 16 February. He attended a discussion with some of the performers. He said this cultural and artistic work is of great importance for heightening the spirit and improving the quality of the people in Shanghai. He praised the actors for their efforts to revitalize the Beijing opera. [passage omitted]

**Shanghai Mayor at Vegetable Quality Award Meeting**  
*OW1702141489 Shanghai City Service in Mandarin  
2300 GMT 16 Feb 89*

[By reporter Yang Yongyue]

[Excerpts] A commendation meeting was held in Shanghai on 16 February to present awards for a (Yeyu) Cup quality service contest, which was jointly sponsored by the Shanghai (?television station), the municipal vegetable vendors' trade union, and the municipal vegetable corporation. Mayor Zhu Rongji attended the meeting and presented the cup to the champion of the contest, a

representative from the (Yinhai) Road market. Banners and certificates were also awarded to winners of five categories and 18 outstanding individuals. [passage omitted]

In his speech, mayor Zhu Rongji extended warm regards and gratitude to the cadres, staff members, and workers for their contributions to stabilizing the vegetable market.

**Shanghai Commentary on Confidence in Reform**  
*OW1702051389 Shanghai JIEFANG RIBAO in Chinese  
13 Feb 89 p 1*

[Unattributed commentary: "We Should Enhance Confidence"]

[Text] Currently, the policy formulated at the 3d Plenary Session of the 13th CPC Central Committee on improving the economic environment, rectifying economic order, and carrying out a comprehensive and in-depth reform is being implemented in earnest. The whole situation is now improving. The efforts to improve the economic environment and order have yielded initial results.

However, we should be well aware of the fact that there are still many problems and difficulties ahead. True, it is not right to have an inadequate understanding of the difficulties and dismiss them lightly, nor is it right to become pessimistic, air complaints, or even want to return to the past because of problems in reform. Faced with difficulties, it is necessary to enhance confidence and rise with force and spirit. The more difficulties we meet, the more we should recognize the unalterability of the line, policy, and strategy worked out since the 3d Plenary Session of the 11th CPC Central Committee; there is no reason to change the line, policy, and strategy formulated by the party. The grand scheme of China's reform and opening up to the outside world should not be changed; there is no need to change, and there is no reason whatsoever to change it.

Our party and government have not failed the trust of the people since they initiated reform 10 years ago. At that time, Comrade Deng Xiaoping proposed the target of quadrupling the total output value of agricultural and industrial production by the year 2000. At the time, many people thought it impossible. But we doubled the output value in less than a decade. What makes it work? The answer lies in reform and opening up to the outside world. The fact is recognized by all. True, people now air complaints about difficulties and problems in reform. But if we were to revert to the old model as practiced prior the reform, the majority of people would not agree to it. If people were made to choose, the majority of people would still choose reform. It is certain that few would retread the old way and return to the old model. The present reform difficulties, for example, the excessive scale and speed of capital construction, have fundamental differences with the "3 years of difficulty" before reform. At that time, the productive force was seriously damaged; by contrast, current problems lie in excessive

development of the productive force. Difficulties can be overcome gradually and the economy will still develop rapidly if the economic environment is improved and the economic order rectified. Therefore, we should enhance confidence; there is no ground for pessimism.

We should know that reform and opening up to the outside world are the common tide in socialist countries. Without exception, all socialist countries took the road of reform in the eighties. This was by no means accidental; this is in accord with the law of socialist self-development. In the beginning, socialist countries had relatively rapid development. After the seventies, the old model of socialism had become more and more restricted in the development of the productive force. Without reforming the old model, socialist countries would lag behind in competition against capitalist countries; they would not be able to maintain their original positions, let alone give full play to the superiority and attraction of the socialist system. Under the socialist system, reform is a new exploration and a kind of breakthrough to liberate and promote social productive force; there is no ready experience to follow, and there is no ready model to apply. It is natural that there should be stormy waters, detours, and mistakes; we should not be afraid of them. Only by adhering to reform, by boldly but carefully marching forward, can we overcome difficulties and establish a new structure and order meeting the requirement for the development of productive forces. There is no future for return to the past; reform in socialist countries has proved this.

Our country's reform has undergone 10 years of practice. Through summing up experience, we should have a deeper understanding of the goal of reform; we should have an adequate psychological preparation for its complexity and difficulties. Our reform, as a matter of fact, is a revolution. The goal of reform is to break the old model, establish a new structure, liberate the productive force, and promote the development of social productive forces. In the course of reform, we are bound to meet with new contradictions and friction, and an in-depth readjustment of social interests is inevitable. To sustain that kind of change requires people to make a corresponding change in concepts, particularly those of viewing the aim of reform as bringing benefits and aiming too high for short-term interests, and fundamentally raising the people's acceptance of reform and its difficulties. We should know that rural reform, which was carried out on the basis of long production stagnation, indeed brought quick and marked benefits to peasants. Rural reform greatly improved peasants' livelihood within 3 or 4 years. This occurred under a specific situation. It is certainly not right, and violates the law of the development of reform, if the example of rural reform gives rise to a greater expectation that urban reform would also bring many benefits, and if it causes a lack of psychological preparedness for the difficulties in reform. At present, some members of society lack confidence in reform. One of the major reasons is that they excessively idealize reform. They feel that no problems should

emerge in the course of reform; there should be no rough seas. They think it natural that good changes should occur after reform. Psychologically, they are unprepared for difficulties. They thus tend to become pessimistic when meeting with difficulties and blame other people for problems in reform. Therefore, if we want to enhance confidence in reform in society, we should make people have more understanding with regard to the law of reform, make them clearly know the goal and the possible difficulties in the course of reform, and have confidence on the basis of scientific understanding of reform.

Currently, reform has met with difficulties. It is all too natural that there should be this and that kind of scruple about reform. We should not be swayed by talk of borrowing remedies from the Western capitalist system, nor should we be swayed by the proposal of returning to the past. In short, we should avoid this or that extreme. Only by adhering to the policy and strategy of reform and opening up to the outside world, which have been proved correct through practice; by persisting in reform on the basis of socialism; and by taking the socialist road with Chinese characteristics can we overcome the various kinds of difficulties now facing us and lead China to revitalization.

**Shanghai Adopts New Land Rights Transfer Method**  
*OW1802223689 Beijing XINHUA in English*  
*1536 GMT 18 Feb 89*

[Text] Shanghai, February 18 (XINHUA)—Shanghai will transfer the land use right for a plot of 3.5 hectares by direct grant tender through negotiation, an official of Shanghai Municipal Land Administration said here today.

Tan Qikun, director of the administration, said that it is the first time for China to offer land use right through bargaining instead of international public bidding.

The plot to be transferred is located in the Hongqiao Economic and Technological Development District and will be used as the international trade market, Tan said.

Up to now in China's open cities such as Shenzhen, Guangzhou, Fuzhou, Xiamen and Shanghai, the form of offering the land use right is by public bidding.

As for adoption of auction form, the condition for it in Shanghai is not ripe, he said.

This year, Shanghai will continue the business of selling the land use right, he said.

The city has transferred two plots' land use rights and both of the two are in its Hongqiao Economic and Technological Development District.

Shanghai is preparing to transfer more plots in the future and they are mainly to be used for markets and industrial enterprises.

The location of the plots will be in the city proper instead of in the Hongqiao District.

The average price of the two transferred plots is above 2,000 U.S. dollars per square meter, which is higher than that in China's other cities, but lower than that in Hong Kong as well as the international standard.

According to Tan, the transference of the land use right will be chiefly conducted at home.

The tendency of transferring land use right without payment at home will be changed and all the land use right will be transferred through bidding apart from those for social welfare service such as schools and hospitals, Tan said.

Meanwhile, a ceremony [was] held in Shanghai today to mark the signing of the agreement for the land use right of a plot transferred to Sirwind Investment Ltd, H.K. [Hong Kong].

The land use right of the 3,614-square-meter plot in the Hongqiao Economic and Technological Development District has been won in public bidding by the H.K. company which offered price at 2,300 U.S. dollars per square meter.

Frank C.Y. Feng, chairman of the company said: "I am very lucky to have the plot and I am sure to make fortune on it."

**Shanghai Official-Run Companies Screened, Closed**  
*OW1802102689 Beijing XINHUA in English*  
*0802 GMT 18 Feb 89*

[Text] Beijing, February 18 (XINHUA)—As part of the national drive to screen businesses, the Shanghai Municipal Administration for Industry and Commerce has closed 88 companies run by party and government institutions, the PEOPLE'S DAILY reports today.

So far, the administration has revoked the licences of 86 companies.

Local statistics show that more than 2,440 companies have been set up in Shanghai since the latter half of 1986. Of that number, 394 were opened by agencies of the state. A total of 899 officials held positions in them.

To date, 187 government-funded companies in the city have been ordered to sever their connections with government institutions.

In addition, the paper says, 517 party and government officials have been required to resign any posts they held in local businesses.

**Shanghai Departments Assess Party Members**  
*OW1702150989 Shanghai City Service in Mandarin*  
*1000 GMT 14 Feb 89*

[Excerpts] Shanghai's agricultural departments have waged a campaign to democratically assess party members. At present, 200,000 party members have been assessed. Of this number, 98.7 percent were assessed as qualified or basically qualified. Some 2,672 party members were assessed as unqualified or basically unqualified. Party organizations ordered 472 of the latter to correct their behavior within a designated period of time, while 119 were either persuaded to withdraw from the party or removed from the party rolls.

Aimed at educating the people about the situation, the democratic assessment has taken the following forms: self-assessment by party members, party members assessing each other, and public assessment. Each party member's words and deeds are thoroughly examined in the assessment. [passage omitted]

Some party members had thought that, once they became party members, they would always be lucky in handling affairs and would have no need to seek improvement. This assessment campaign has not only put these members under pressure, but also inspired them.

**Zhejiang Governor Addresses Propaganda Meeting**  
*OW1702193089 Hangzhou Zhejiang Provincial Service in Mandarin 1000 GMT 16 Feb 89*

[Text] Shen Zulun, deputy secretary of the provincial party committee and provincial governor, recently addressed a provincial conference of directors of the propaganda departments of city and prefectural party committees. He urged party committees and governments at all levels to continue to grasp the education on the current situation, and all leading cadres to attach great importance to the work in ideological and political realm.

Shen Zulun said: Although we made a good start in education regarding the current situation, it has not been effectively carried out in some localities. Others are rather complacent with their work. Still others even view the education as having ended. All these views and approaches are inconsistent with reality.

He emphasized that education on the current situation must be carried out in part by government organizations at all levels. Toward the end of last year, the provincial-level organizations sent 69 work teams to visit the grass roots and achieved marked results in conducting the education there. However, it has not been effectively carried out within the provincial-level organizations themselves. Therefore, cadres of the provincial-level organizations should be temporarily relieved of active duty to attend rotational study during a given period of time.

Reviewing and summarizing both positive and negative experiences in the education concerning the current situation, Shen Zulun pointed out: We must attend to the development of the commodity economy on the one hand, and the work in ideological and political realm on the other. Attention must be given to stimulating enthusiasm. It is necessary to attach importance not only to material means but also the combination of economic, ideological, and political means.

He called on party and government leaders at all levels to not only take a personal hand in the ideological and political work, but also to mobilize a group of role models and use them to influence the rest of the people. He also urged them to improve their work style and show concern for the everyday life of ordinary people so as to achieve better results.

The 4-day provincial conference discussed and worked out plans for doing a better job in the education regarding the current situation and further improving and strengthening the ideological and political work for this year.

**Zhejiang Urges Controlling Institutional Buying**  
*OW1802005389 Hangzhou ZHEJIANG RIBAO*  
*in Chinese 10 Feb 89 p 1*

[Text] In compliance with the State Council's guidelines, the provincial people's government recently issued a circular to governments at all levels and units directly subordinate to the provincial government urging them to further tighten controls over institutional buying. The circular calls on the various localities to realize the importance of "strictly controlling buying power" to the implementation of the central authorities' policy on improving the economic environment, rectifying economic order, balancing the state budget, promoting honesty in government, and promoting the spirit of building the nation and fulfilling all tasks through thrift and diligence. The gist of the circular is as follows:

1. Strengthen control over buying targets. In 1989, the various localities, departments, and units should reduce institutional buying by 20 percent from what was actually spent on institutional buying in 1988. Once the control targets have been approved, the various localities, departments, and units must strictly abide by the limit.
2. Strengthen control over the approval of requests for buying commodities under special control. The State Council has decided to expand the commodities under special control from 29 to 32 kinds to include cloth and cloth products, knitwear items, and writing and printing paper. In 1989, institutional buying of color television sets, 13 kinds of domestically produced famous-brand cigarettes and imported cigarettes, and 13 kinds of domestically produced famous-brand liquor and imported liquor will be strictly banned.

3. Implement management measures to link operational funds with buying targets. While examining and approving budgetary or enterprise management expenditure plans of various units, the finance departments or superior organs should refer to the purchase control targets of their subordinate units. All units must earnestly keep supplementary accounts with regard to their institutional purchases and must submit monthly, quarterly, and annual reports on institutional buying to be forwarded to their superior organs level by level. Examination and approval of requests for buying commodities under special control will be suspended for any unit or locality whose accounting on institutional buying is incomplete or not established according to appropriate rules.

4. Strictly control the personnel organization of administrative units and institutions. Unless approved by the central organ or the State Council, no new organizations will be established and no organization will be upgraded. Vacancies resulting from natural attrition will not be filled except with Army cadres to be resettled in the civilian sector or by a few university or vocational college graduates. The finance department will not allocate funds for unapproved new organs or additional personnel.

5. Resolutely reduce meetings and establish a strict examination and approval system for meetings. Approved meetings should be kept as short and small as possible. Meeting expenses should accord strictly with regulations. Meetings should not be held in expensive guesthouses (hotels). No unauthorized increases in meal allowances will be permitted. All sightseeing or issuance of cash or presents with government funds under the pretext of meetings will be banned. The various cities (counties) should also draw up corresponding examination and approval measures.

6. Enforce discipline strictly on buying control and punish violators. Buying control offices at all levels should strengthen inspections of institutional buying and exact fines of less than 50 percent of the expense in excess of the control target on any unit that has violated the control target. Commodities under special control bought by any unit without proper authorization will be confiscated and disposed of on the spot. The violating unit will be fined the equivalent of less than 50 percent of the cost of these commodities. Any unit that violates regulations by selling commodities under special control without proper authorization will have its profit confiscated (gross profit minus taxes), and personnel involved will also be fined. In serious cases, the unit leader and parties involved will be investigated to find out who is to blame. Proceeds from the disposals and fines will be turned over to finance organs at a correspondent level.

### Southwest Region

**1,700 Police Said to Parade Through Lhasa Streets**  
HK2102005389 Hong Kong SOUTH CHINA  
*MORNING POST* in English 20 Feb 89 p 1

[By Lai Pui-ye in Lhasa]

[Text] Some 1,700 members of the People's Armed Police (PAP) have paraded through the streets of Lhasa in a demonstration of strength as the autonomous region

of Tibet prepares to observe the 30th anniversary of its liberation next month.

Regional party, government, and military leaders watched the rare ceremony on Friday, as 16 teams from the chief Tibetan Division of the PAP marched past to the strains of martial music.

Colourful police flags hung in front of rows of police motorcycles and patrol cars, forming a "steel crest" as they cruised across the open square of the People's Cultural Palace.

The parade was the first since the autonomous region adopted the police ranking system introduced elsewhere in the country more than a year ago.

A police commissioner of the Tibetan Police Force, Mr Li Jiarui, said at the parade that maintaining "security, restructuring, reform and openness" were the honourable duties of the force.

Tibetans could not have missed the scene since tourists and locals frequent the Potala Palace opposite the square.

Sources said anti-riot experts have arrived in the region to give support to the PAP in case radical religious groups should use the occasion of the anniversary to stage protests.

**Tibet Radio Stresses Struggle Against Separatism**  
HK2102005389 Lhasa Tibet Regional Service  
*in Mandarin* 1130 GMT 20 Feb 89

[Station commentary: "Preserving the Situation of Stability and Unity is the Common Desire of the People of all Nationalities in Tibet"]

[Text] The practice of the past year or more has proved that the riots caused in Lhasa by a handful of separatist elements have had an impact on stability and unity in Tibet. Hence, unwaveringly pursuing the struggle against separatism and preserving the situation of stability and unity is a basic condition for making a success of our region's economic construction and enabling the masses to shake off poverty and get rich as soon as possible, and is the common desire of the cadres, staff, workers, peasants, herdsmen, and patriotic figures of all sectors in Tibet.

We must soberly realize that the struggle against separatist elements at home and abroad is a severe political struggle; it is a major issue related to the unity of the motherland and to the fundamental interests of the people of the whole country, including the people of Tibet. On this issue, we must do a good job in handling two kinds of contradictions: between the enemy and ourselves, and among the people. Our struggle against the separatist elements is completely a struggle against hostile forces and constitutes a contradiction between the enemy and ourselves. Ethnic and religious issues are

basically contradictions among the people. These two different kinds of contradictions are linked to each other and affect each other under certain conditions. The separatist forces wave the signboard of nationality and religion and use nationality and religious issues to create incidents and engage in separatist activities. We must see through their trick.

In the practice of the struggle against separationism, we must do well in studying and correctly handling the two different kinds of contradictions and strictly act according to the policies and the law. We must insist on mercilessly punishing the separatist elements according to law. We must apply education, guidance, and so on to resolve certain contradictions and problems among the people that exist in various sectors of society.

To effectively wage the struggle against separationism and stabilize the situation in Tibet, we must give full scope to the role of the party and political power organizations at all levels, and closely rely on the cadres and masses of all nationalities, who form the main force in the struggle against separationism.

The PLA units stationed in Tibet, the cadres sent here from elsewhere, and the Tibetan cadres are our backbone force. We must staunchly rely on them, whether in uniting the people, uniting the upper-strata ethnic and religious figures, or waging the struggle against separationism to consolidate the motherland's unity, or in developing the region's economic level. At the same time, we must persevere in organizing a broad patriotic united front and unite all that can be united to face the separatist forces together.

To stabilize the situation, we must assign ideological education work a prominent position. Stabilizing people's minds is the key to stabilizing the situation. The party and government organizations at all levels must seriously relay and implement the central instructions on work in Tibet and apply the spirit of the instructions to unify our thinking and circumscribe our actions. We must launch propaganda work centered on education in patriotism, ethnic unity, the situation, and the legal system in light of the mental state of people of different professions, strata, ages, and levels. We must guide them to obey the law and to use legal means to uphold their own legitimate interests. At the same time, they should also undertake their duties and obligations laid down by the law, still more consciously oppose the sabotage activities aimed at splitting the motherland, and resolutely struggle against phenomena that threaten social stability.

The struggle between separationism and opposition to separationism in Tibet is a long-term, arduous, and complex affair. Hence, the party organizations at all levels, the whole body of party members, the cadres, staff, workers, and the masses of all nationalities must be mentally

prepared for a long-term struggle. They must continually sum up experiences and do a good job in all work in this struggle, working together to achieve permanent tranquillity in our region.

**Tibet Government Gives Alms for Monks' Prayers**  
*OW2002194889 Beijing XINHUA in English*  
*1501 GMT 20 Feb 89*

[Text] Xigaze, February 20 (XINHUA)—The people's government of the Tibet Autonomous Region and the authorities of Xigaze prefecture today gave 18 yuan each to monks praying for the late Panchen Lama in the Zhaxi Lhunbo temple.

Since the Panchen Lama died January 28, more than 800 lamas have been praying for his perfect rest. Heads of the prefectoral authorities today went to the temple and offered tea and food, as well as the money, to every monk there.

The prefectoral authorities will also give alms to the monks of five other major temples.

**North Region**

**Beijing's Chen Xitong Speaks on Financial Work**  
*SK1602125889 Beijing BEIJING RIBAO in Chinese*  
*27 Jan 89 p 1*

[Excerpts] At the municipal conference on financial work held on 26 January, Mayor Chen Xitong stressed: This year, our financial revenues must continue to "scale heights." The means to scale heights are increasing revenues and curbing expenditures.

Chen Xitong said: To ensure financial revenues, we should first grasp production, beginning with improving economic efficiency. This is the foundation. Second, we should energetically organize revenues, strive to close loopholes, and strive to open more channels to increase revenues. Third, we should vigorously reduce unnecessary expenditures and should, in particular, curb administrative expenses and institutional purchases. Those units that exceed the quotas in this regard should be openly criticized in newspapers. [passage omitted]

Referring to the breakdown of this year's financial expenditures, Chen Xitong said: First of all, we should implement the guidelines of the central authorities and tighten up finance and credit. On this basis, we should strive to ensure priorities in arranging for expenditures. The first priority should be given to education, the second priority to stabilizing commodity prices, and the third priority to agriculture. [passage omitted]

**1988, 1989 Targets Released**

SK1602130889 Beijing BEIJING RIBAO in Chinese  
27 Jan 89 p 1

[Excerpts] The fact that people worried about the 1988 financial situation has already passed. The municipal conference on financial work, which ended on 26 January, used figures to declare a victory in tiding over the financial difficulties in 1988. At the same time, the conference announced even more rigorous tasks for 1989.

According to preliminary statistics, revenues in 1988 totaled 6.81 billion yuan, 210 million yuan more than the budgeted figure. Calculated in terms of comparable items, revenues in 1988 showed an increase of 4.1 percent over the previous year, meeting the demand of registering a 4-percent increase every year set by the State Council for the municipality. As of 1988, the municipality effected a sustained and steady increase in its revenues for 6 years running. [passage omitted]

Last year, while taking on the 1.5 billion yuan of reduced profits resulting from price increases for energy resources and raw materials, industrial departments throughout the municipality scored a 17.6-percent increase over the previous year in total industrial output value. Meanwhile, the overwhelming majority of the 13 industrial companies that implemented the contracted managerial responsibility system overfulfilled the contract targets. It is estimated that these companies will hand over 160 million yuan of above-quota profits.

Last year, institutional departments implementing the system of fixing the quota of administrative expenses increased revenues and curbed expenditures by 106 million yuan.

At the same time, financial departments vigorously curbed administrative operational expenses and institutional purchases. These two expenditures declined by 5.1 percent and 21.7 percent respectively from the previous year, calculated in terms of comparable standards.

Thanks to the success in fulfilling the revenue plan, the municipality guaranteed the investment in key projects, supported the development of various undertakings, and withstood the substantial increase in financial subsidies. As a result, the municipality successfully surmounted difficulties last year.

How is the financial situation this year? Wang Baosen, vice mayor and director of the municipal Finance Bureau, analyzed the situation as follows:

Municipal revenues in 1989 are projected at 7.08 billion yuan, an increase of 4 percent over 1988. In fulfilling this target, the municipality must overcome and take on the large amount of reduced profits. On this basis, the municipality will have 5.05 billion yuan of financial resources.

Municipal expenditures for 1989 are projected at 5.4 billion yuan, showing only a 3.1-percent increase over real expenditures in 1988. This increase rate is smaller than that of 1988. Judging from these figures, the breakdown for expenditures is very tight. Therefore, we will have a hard time this year. [passage omitted]

**Beijing Tightens Control Over Price Hikes**

OW1702114889 Beijing XINHUA in English  
0729 GMT 17 Feb 89

[Text] Beijing, February 17 (XINHUA)—The Beijing Municipal Government will tighten controls over price rises and punish those raising charges illegally.

Today's BEIJING DAILY says Li Ximing, secretary of the city's party committee, has affirmed the determination of city leaders to keep this year's rate of price hike in the capital lower than that in 1988.

He assures Beijing residents that the prices of goods sold on coupons will not be allowed to rise.

The municipal government has drawn up regulations to ensure price stability. They provide for the disclosure of differentials between wholesale and retail prices and encouragement for public supervision of prices.

Li says that strict control of prices by the municipal government as well as public supervision over them will ensure price stability in Beijing.

**Price Freeze Proposed**

OW1802223889 Beijing XINHUA in English  
1531 GMT 18 Feb 89

[Text] Beijing, February 18 (XINHUA)—The Beijing Municipal Communist Party Committee has proposed freezing prices for some daily necessities and strict control on price increases for other goods.

The committee said these measures will help keep inflation down.

At the committee's plenary session, a work report recommended price ceilings for commodities that fall within the state monopoly.

The committee also proposed stricter procedures for controlling price increases of commodities which fall outside the state's control. It recommended stiff penalties for those who break price regulations.

**Inner Mongolia's He Yao on Discipline Inspection**

SK1902100589 Hohhot Inner Mongolia Regional Service in Mandarin 1130 GMT 18 Feb 89

[Text] On the afternoon of 17 February, the autonomous regional Discipline Inspection Commission held a regional television-telephone conference to relay and work out ways to implement the guidelines of the

national discipline inspection work conference and to arrange our region's discipline inspection work for this year. Zhang Dinghua, deputy secretary of the autonomous regional party committee, spoke on implementing the guidelines of the national discipline inspection work conference.

When relaying the guidelines of the national discipline inspection work conference, He Yao, secretary of the autonomous regional discipline inspection commission, said: The national discipline inspection work conference was a very important conference. Its major guidelines are to correctly understand the current situation; to further unify thinking; to strengthen party building; to enhance the party's unity and appeal; to improve party style, with keeping party and government organs clean and honest as its important content; to strengthen party spirit to enhance the entire party's respect for discipline; and to improve the discipline inspection contingent.

Comrade He Yao said: Based on the guidelines of the national discipline inspection work conference and the arrangements of the Central Discipline Inspection Commission for the work for this year and the next, discipline inspection commissions at various levels throughout our region should emphasize work in five aspects.

First, they should conscientiously relay and implement the guidelines of the national discipline inspection work conference. 1) They should study well the documents of the conference, particularly the important speeches of Comrades Zhao Ziyang and Qiao Shi; thoroughly understand their essence; and unify their thinking in line with the party Central Committee's line, principles, and policies, and with the autonomous regional party committee's arrangements for improving the economic environment, rectifying the economic order, and comprehensively deepening reform. They should strengthen party building and discipline inspection work to ensure the smooth progress of our region's economic construction. 2) Based on the guidelines of the national discipline inspection work conference and the work arrangements of the autonomous regional discipline inspection commission, and following the unified plans of party committees at various levels, they should make good arrangements for this year's discipline inspection work according to specific local conditions.

Second, they should strictly investigate and handle cases of violation of discipline with an aim to promote reform and construction. Comrade He Yao said: When investigating and handling cases, they should particularly investigate and handle the cases committed by party organizations and party-member cadres who do not maintain unity with the party Central Committee; who practice feigned compliance and fraud toward the party Central Committee's principles and policies; who disrupt the economic order, buy up goods and resell them at large profits, and engage in smuggling and sales of smuggled goods; and who abuse power for selfish gains, practice graft, ask for and take bribes, engage in squander and

waste, and become morally degenerate. These cases violate not only party discipline but also administrative discipline and laws, and cannot be handled by a certain department alone. This requires that our discipline inspection departments take the initiative in strengthening contacts and coordination with administrative supervision, economic supervision, public security, procuratorial, and judicial departments to fully develop the overall effect of the supervisory mechanism. Discipline inspection commissions at various levels should develop their subjective initiative, discover clues to cases through various channels, and select typical cases to investigate and handle emphatically.

Third, they should assist party committees at various levels in improving party style, with keeping party and government organs clean and honest as the important content. Comrade He Yao said: Successfully keeping party and government organs clean and honest is an important aspect in improving party style in the new situation. 1) We should understand the relationship between the efforts to remain clean and honest in performing official duties and reform and their importance. Without carrying out reform and opening up, it is impossible to fundamentally keep party and government organ clean and honest, and without keeping party and government organs clean and honest, it will be difficult for reform, opening up, and improvement and rectification to proceed smoothly. 2) We should note that a small number of cadres in party and government organs are not clean and honest, and some cases are rather serious and have aroused great dissatisfaction among the masses. 3) To keep party and government organs clean and honest, we should develop the superiority of discipline inspection work. We should select some typical cases to handle publicly. 4) We should actively assist party committees and governments at various levels to establish and improve rules and regulations for remaining clean and honest and increasing the visibility of their administration. We should also coordinate with organization departments and regard whether party-member cadres are clean and honest as an important criterion for their appraisal.

Fourth, they should intensify education on discipline to enable party members to have more initiative in abiding by discipline and law. Requirements regarding the education of party members are to firmly foster the idea that strict enforcement of party discipline goes through the entire process of reform and opening up, to foster the idea that pioneering and creation are in unity with abiding by law and discipline, to change the phenomenon whereby the efforts to abide by discipline are intensified one moment and slackened the next, and to enhance the initiative and resolute efforts in abiding by discipline. With regard to the leading organs and leading cadres at and above the county level, we should stress the need for them to act as examples, increase the ability for self-restriction, and shoulder their due responsibilities for safeguarding party discipline. They should conduct the education on party discipline by handling typical

cases, analyzing reports, and issuing notices. They should often analyze the laws governing the changes in the emergence and development of the breaches of discipline within the party and nip the symptoms of the breaches in the bud, before they become a trend.

Fifth, they should conscientiously fulfill their responsibility of exercising supervision within the party. Comrade He Yao pointed out: The focus of their inner-party supervision should be placed on party and government leading organs and party-member leading cadres. They should continue to pay attention to such effective supervisory methods as democratic meetings of leading bodies at various levels, regular activities of organizations of party-member leading cadres, and participation of discipline inspection commission secretaries in the meetings of party committees at the corresponding levels. They should strive to open up channels for supervision, protect the democratic supervisory right of the people who are party members, and give full play to the role of supervision over the party's leading organs and leading cadres by the masses inside and outside the party.

Comrade He Yao pointed out: To ensure the smooth fulfillment of the aforementioned tasks, we should conscientiously carry out the reform and improvement of the discipline inspection contingent to further raise the overall level of discipline inspection work.

Attending the conference were responsible comrades of the discipline inspection commissions and groups of the

various departments of regional organs, and the party committees and discipline inspection commissions of various leagues and cities.

**Shanxi Governor Urges Coal Production Efforts**

*HK1802023389 Taiyuan Shanxi Provincial Service  
in Mandarin 2300 GMT 17 Feb 89*

[Excerpts] On 16 February, Governor Wang Senhao attended the sixth enlarged plenary session of the eighth Datong City CPC Committee and made a speech. He pointed out that 1988 was the 10th year since the reforms were launched. Tremendous changes have taken place in the urban and rural areas during these 10 years and great achievements have been scored. Generally speaking, the situation is good.

However, we must also realize that the many problems existing now have caused many difficulties for this year's economic development. For instance, coal, electric power, and capital are all in short supply. We must understand the difficulties, acknowledge them, and face them squarely. [passage omitted]

Wang Senhao said: Datong is a national coal production base. At present coal is in very short supply throughout the country, including Shanxi. Some large power generator sets have had to shut down for lack of fuel. Datong must therefore on the one hand strive to produce more coal as a contribution to the state, and on the other focus on the long term and readjust its industrial structure, to ensure the fulfillment of the coal production tasks.

### Hong Kong

#### **Muslim Leaders Warn Governor on Rushdie Book** *HK1802020389 Hong Kong SOUTH CHINA MORNING POST in English 18 Feb 89 p 1*

[By Tad Stoner]

[Text] Muslim community leaders warned yesterday that the "peace of Hong Kong" will be disturbed if the Governor does not ban Salman Rushdie's book "The Satanic Verses."

"Many, many people have come to me wanting to have a demonstration at the Governor's house, but I have told them to wait," said Mr K. M. Malik, chairman of Hong Kong's Pakistan Islamic Welfare Union.

"The Governor has the power to stop heroin and cocaine, so why not this book, which will disturb the peace of Hong Kong."

Iran's spiritual leader Ayatollah Ruhollah Khomeyni told Muslims around the world on Tuesday to hunt down and kill the novelist, and since then a bounty of U.S.\$5.2 million (HK [Hong Kong]\$40.56 million) has been put on his head.

Mr Malik said the Ayatollah's murder demand could be justified "if the book had very, very bad words about the prophet Mohammed".

He said his 400-member union would petition the Governor to have the book banned, adding: "We have very strong feelings."

Both Mr Malik and the leader of Hong Kong's Kowloon Mosque, Imam Mohammed Tayaib, admitted they had not read the book, but were adamant in their demand that it be banned.

"All of us have the same sentiments as the rest of the Muslim world," said Imam Tayaib.

"If the book is here, we will demand it be banned so it will not hurt the feelings of the Muslims of Hong Kong."

"It is our utmost desire to keep the atmosphere of Hong Kong as calm and quiet as possible, but the book may cause an adverse reaction."

He stopped short of disavowing the murder call by Ayatollah Khomeyni, but indicated his disapproval.

"We believe that matters of religion should be dealt with out of wisdom, not out of emotion. Terrorism is not part of our motives," he said.

Rushdie cancelled a promotional tour of the United States and went into hiding in Britain after the death threat from the Iranian leader this week.

"Rushdie himself is responsible for this because it's not right to incite people's faith and he was going to the United States to publish his book," said an aide to Imam Tayaib.

"Muslims can tolerate anything but an insult to our Prophet Mohammed," he added.

The Hong Kong Government has no legal authority to ban a book, although the courts can order distribution halted, as happened for a time in the "Spycatcher" case after an application from the British Government.

Hong Kong bookstores said they had no plans to cease marketing "The Satanic Verses," which has been available since September.

"We will see it like we sell any other book," said an owner of Bloomsbury Books, Ms Sue Ribeiro.

"We have had the hardbacks since September, and sold out the last of our 20 copies about 10 days ago. We will get new stock in about two weeks, and the paperback edition next month," she said.

Wanderlust Books owner, Mr Steve Fallon, said he had sold a dozen or more copies.

"We've been carrying it all along, and if people order it, we'll get it," he said.

Both Ms Ribeiro and Mr Fallon said they were undaunted by the call for the book's suppression.

In Tehran, Iranian President 'Ali Khamene'i said yesterday the death threat against Rushdie might be lifted if he apologised to Muslims for blaspheming their religion.

Mr Khamene'i's statement at Friday prayers was punctuated by cries of "Death to Britain" from thousands of worshippers enraged by Rushdie's novel.

"This wretched man has no choice but to die because he has confronted a billion Muslims and the Imam (Ayatollah Ruhollah Khomeyni)," Mr Khamene'i declared.

"Of course, he may repent and say 'I made a blunder' and apologise to Muslims and the Imam. Then it is possible that the people may pardon him."

The row has echoed around the world with Britain freezing diplomatic relations with Iran, Rushdie in hiding, his British publishers under police guard, Western leaders denouncing the Iranian threats and Muslims in many lands voicing outrage over the novel.

British Foreign Secretary Sir Geoffrey Howe will ask the European Economic Community on Monday to back the UK's defence of Rushdie, possibly in the form of a protest message to Tehran.

Mr Khamene'i's sermon was the first signal that Iran might seek to defuse the furor, which has damaged Tehran's recent efforts to improve relations with the West.

He told worshippers Iran held the British Government responsible for allowing the publication of Rushdie's novel.

"It is defending a man who is indefensible."

But Mr Khamene'i ordered Iranians not to go to British or other foreign embassies to protest, declaring that anyone attacking embassies could be a traitor.

In Bombay, where Rushdie was born into a Muslim family, Indian police declared a state of alert throughout the city yesterday after a threat that British Airways planes would be bombed and prominent Indians killed until the novelist came out of hiding.

In India police shot and wounded a youth and fought pitched battles with mobs demanding a global ban on the book in the northern town of Srinagar.

#### Nonviolent Protests Urged

HK1902025489 Hong Kong SUNDAY STANDARD  
in English 19 Feb 89 p 1

[By Kieran Colvert]

[Excerpts] A leading member of Hong Kong's Islamic community last night entered the international controversy over Salman Rushdie's controversial novel "Satanic Verses" by calling for nonviolent opposition.

The chairman of the Board of Trustees of the Islamic Community, Mr Abdul Sukur, said the unanimous feeling among Hong Kong's Muslims was one of hurt but not of militant anger which contradicts statements made yesterday.

The major Muslim groups in the territory, including Pakistani and Indian Muslims and both the Shi'ite and Sunni sects, are represented on the board of trustees.

Mr Sukur ruled out violence to press home anger towards the British author's novel. [passage omitted]

There are 50,000 Muslims in Hong Kong, half of them Chinese.

Mr Sukur's remarks came in the wake of a veiled threat from a splinter Muslim group, the Pakistan Islamic Welfare Union.

Mr K. M. Malik, chairman of the union which only represents 100 paid-up members, was quoted yesterday as saying failure to ban the book by the Government might disturb the peace of Hong Kong.

He was quoted as having warned the Government about the consequence of allowing the book to be sold in Hong Kong.

But Mr Malik said yesterday he had only requested the Government to consider banning the book.

Mr Malik said he had petitioned the Governor, Sir David Wilson, for administrative action to disallow sales of the book.

A police spokesman said yesterday the police were not considering any preemptive security measures since there had been no specific threat.

All major bookshops have sold out of hard-back copies of "Satanic Verses" which went on sale September.

The paper-back version is scheduled for release next month.

No bookstore indicated they would stop ordering the book because of the strong Muslim reaction.

Mr Sukur echoed Mr Malik's sentiment that the book would offend the Muslim community but said any threat of violence was not representative of the Muslim opinion in the territory.

The board of trustees represents about 2,500 practising Muslims.

"The board is therefore representative of Muslim opinion in Hong Kong," Mr Sukur said.

Mr Sukur said the board was seeking legal advice as to what action it could take to combat the influence of Rushdie's novel on the Hong Kong Muslim community.

A Principal Assistant Security of the Administrative Services and Information Branch, Mr Mike Rowse, said yesterday there was no law in Hong Kong that would permit any action to be taken against any book.

"There's nothing the Government can do," Mr Rowse said.

#### Confidence Expressed on Ban

HK2102075789 Hong Kong SOUTH CHINA MORNING POST in English 21 Feb 89 p 3

[By Jamie Allen]

[Text] Local Muslim leaders said yesterday they were confident the Hong Kong Government would ban the sale of the controversial novel by Salman Rushdie, "The Satanic Verses," in the interest of peace in the local community.

The chairman of Hong Kong's Pakistan Islamic Welfare Union, Mr K.M. Malik said "India has banned it, other countries have stopped it, so Hong Kong should too."

Government officials have said they do not have the authority to ban the sale of the book but Mr Malik said he was confident the administration would find a way of outlawing the novel to maintain a peaceful environment in the territory.

"Banning it would be good for Hong Kong and for peace. I think there is enough good will in Hong Kong to ban the book because it is very bad for Muslims," he said.

Mr Malik said the 400-member Pakistan Islamic Welfare Union would be meeting the 10 other Muslim unions and associations in Hong Kong later this week to decide what action to take next.

Muslims may consider a peaceful demonstration outside Government House when the Governor returns from his overseas trip, Mr Malik said.

A Government spokesman said yesterday the administration did not have the power to ban the sale or publication of books.

The only form of book censorship allowed comes under the Control of Obscene and Indecent Articles Ordinance for works which display "violence, depravity and repulsiveness".

Other Muslims yesterday called for more drastic measures to be undertaken against Rushdie and "The Satanic Verses." Mr Atiq Malik of Tsim Sha Tsui, said: "An apology can't eradicate Rushdie's guilt. It merits death. Rushdie must be hanged publicly."

A statement released yesterday by The Incorporated Trustees of the Islamic Community Fund of Hong Kong on behalf of seven other Muslim associations said: "This satanic assault on Islam, thinly disguised in fictional form, is abhorred by Muslims in Hong Kong and should be banned from distribution in view of the offence it gives to a particular section of the community."

"This would follow the precedents set elsewhere, including Canada and South Africa which have minority Muslim communities."

The chairman of the trustees, Mr Abdul Sukur, denies the book is a work of fiction—as Rushdie claims—because it draws so closely on the history of Islam to interweave fact with fiction.

**UK's Howe on Territory's Future, Declaration**  
**HK2002111289 Hong Kong ZHONGGUO TONGXUN**  
**SHE in Chinese 0905 GMT 20 Feb**

[**"Howe Says Britain Will Continue To Maintain Its Role in Hong Kong"—ZHONGGUO TONGXUN SHE headline]**

[Text] Hong Kong, 20 Feb (ZHONGGUO TONGXUN SHE)—British Foreign Secretary Howe stated that Britain would continue to implement the Sino-British Joint Declaration on Hong Kong issue to ensure the prosperity and stability of the territory in the future. He stressed that Hong Kong's past, as well as its future, was and will be a living example of Britain's participation in the affairs of the Asia-Pacific region.

In a speech delivered today via satellite, Howe emphasized that the Sino-British Joint Declaration is an internationally bound agreement, one that points to the future of Hong Kong and draws the framework for maintaining the prosperity and stability of the territory. Britain and China will continue to uphold the development of Hong Kong.

He stated that Britain has considerable interest in Hong Kong. Last year's bilateral trade volume reached 3 billion pounds sterling. There are about 400 British companies in Hong Kong. Therefore, Britain will continue to play its present role in Hong Kong with regard to trade, manufacturing, investment, and so on.

Howe added: With the implementation of its economic policy of opening up to the outside world, China has been developing very rapidly, and its potential is very great. Hong Kong is a gate leading to China. It is also China's biggest trade partner and the source for investments. Since China has learned and benefited very much from Hong Kong, the position of Hong Kong is very important to China.

He particularly praised the development of Hong Kong. He said: Hong Kong is a traffic and telecommunications center of the Asia-Pacific region. It has the biggest container wharf in the world, and a convention and exhibition center with a world advanced level. It has a hardworking and thrifty labor force, and the government has been implementing an economic policy of noninterference. He expressed the belief that it is very natural for Hong Kong to have become the commercial and trade center of the Asia-Pacific region.

**Maintaining Success 'Priority'**  
**HK2102091789 Hong Kong HONGKONG STANDARD**  
**in English 21 Feb 89 p 1**

[By Johnson Sze]

[Excerpt] Maintaining Hong Kong's success as an economic centre in the Asian Pacific region was Britain's priority in its policy towards the territory, said British Foreign Secretary Sir Geoffrey Howe.

"We are committed to your region. We cannot afford not to be," he said.

Speaking via satellite at the Pacific Rim '89 conference in Hong Kong yesterday, Sir Geoffrey said: "Hong Kong is a symbol for Britain's historical and continuing involvement in the Asian Pacific region."

He cited last year's trade turnover between Britain and Hong Kong as a symbol of continued interest.

Trade in 1988 was valued at 3 billion pounds, he said. British invisible earnings from Hong Kong were 1 billion pounds, and about 400 firms invested in the territory.

The Sino-British Joint Declaration pointed the way to Hong Kong's future and provided a solid frame-work for its stability and prosperity after the transfer of sovereignty to China, Sir Geoffrey said.

"That (the Joint Declaration) professes our firm and continuing commitment."

Hong Kong was a natural business centre because of its central location, excellent communications, hard-working population and the government's policy of encouraging private enterprise.

If Hong Kong's economy continued to grow at its 1988 rate, the average Hong Kong person would be as rich as the average Briton by 1996, he said.

In his address, Sir Geoffrey offered delegates from 30 countries a European perspective on the Pacific Rim region.

China had vast economic potential yet to be realised, he said.

Freeing itself from the "straitjacket of Marxism" and accepting economic liberalisation as the key to unlock its potential had made China the fastest growing nation in the region, he said.

And Hong Kong had contributed a great deal to the development of China.

"In the years when the door (of China) remained closed, Hong Kong was China's window on the world; now it is the biggest doorway of all, its main trading partner and a source of 65 percent of external investment in China."

Addressing worries that the formation of a single European market would pose difficulties for outside traders, Sir Geoffrey said Europeans had not adopted a "fortress mentality".

The intention was to break unnecessary barriers among Common Market members [passage omitted]

#### NPC Deliberations on Draft Basic Law Reported

##### Reporters Cover Meeting

OW1702175389 Beijing XINHUA in English  
1440 GMT 17 Feb 89

[Text] Beijing, February 17 (XINHUA)—Eighteen Hong Kong newspapers, radio and television reporters gathered here to cover the sixth meeting of the Seventh National People's Congress (NPC) Standing Committee.

This is the first time that the Hong Kong media have been allowed to cover a Standing Committee meeting, said Zhang Husheng, a spokesman for the committee's General Office.

The main purpose of the Hong Kong reporters is to cover discussions on the Draft Basic Law of the proposed Hong Kong Special Administrative Region [SAR], which is now being considered by the meeting.

Four members of the Basic Law Drafting Committee, who are not members of NPC Standing Committee, have been invited as observers to the meeting. They are Shao Tianren, Xiao Weiyun, Li Hou and Lu Ping.

The Draft Basic Law will not be revised by the Standing Committee at this meeting, Shao Tianren told the Hong Kong reporters this afternoon in the Great Hall of the People.

The meeting will only examine and approve a plan to publicize the draft for the purpose of soliciting public opinion, he said. Further revision after public discussion will be left for the drafting committee.

##### Hong Kong Delegates Attend

HK1802044989 Hong Kong SOUTH CHINA MORNING POST in English 18 Feb 89 p 2

[By Chris Yeung in Beijing]

[Text] Possible clashes over jurisdiction between mainland and Hong Kong courts after 1997 can be prevented if the National People's Congress accepts a plan to set up a working group to study the issue.

This was the gist of a proposal made by a Hong Kong delegate to the NPC, Miss Dorothy Liu Yiu-chu, during a small group discussion of the Basic Law draft held in the Great Hall of the People yesterday.

Miss Liu is one of three Hong Kong residents attending the session as observers. The others are Mr Ng Hong-mun and Mr Cheng Yiu-tong, who arrived in Beijing yesterday.

At issue is a provision in the mini-draft constitution on the jurisdiction of the courts in the future SAR government, which failed to get the endorsement of the required two-thirds majority at a meeting of drafters last month.

Most drafters either abstained or opposed the provision because they said it was ambiguous and had failed to draw a clear line between the jurisdiction of SAR and mainland courts.

Miss Liu suggested that the NPC Standing Committee should set up a group of experts to study what she considered a significant issue.

The working group should begin its work when the second consultation got underway in March, she said.

Yesterday's session was the first time the Standing Committee of China's legislature had discussed the draft constitution since the process began in July 1985.

It was also the first time three Hong Kong delegates to the NPC had been allowed to attend as observers in a bid to relay local concerns over the Basic Law during a week-long session which ends on Tuesday.

Four key mainland drafters—Mr Li Hou, Mr Lu Ping, Mr Shao Tianren and Mr Xiao Weiyun—also attended to give an account of the draft.

The draft is not expected to undergo any change, but merely be approved by the NPC Standing Committee.

A full study of the draft will not be made by the NPC until the plenary session next year.

Mr Shao also explained that few Standing Committee members had a full understanding of the whole drafting work and noted the varying degrees of awareness among the legislators.

Referring to a delegation from the Hong Kong University [HKU] student union, which is in Beijing lobbying for changes to a conservative political blueprint, he said: "If we accept their demands for amendments today, other groups will come here tomorrow and want other changes. What will we do then?"

The four student representatives, in a letter to the NPC chairman, Mr Wan Li, reiterated their demand for amendments to a political proposal which they claimed was undemocratic.

They were hoping to meet mainland legislators after they were told that the Communist Party General Secretary, Mr Zhao Ziyang, was unlikely to meet them because of a heavy work schedule.

The president of HKU, Mr Chow Wing-hang, said a better option should be provided for the public to consider during the second consultative period.

#### Delegate on PRC Legislators

HK1802045189 Hong Kong HONGKONG STANDARD  
in English 18 Feb 89 p 2

[Text] Basic Law drafter Miss Liu Yiu-chu said in Beijing yesterday some Chinese lawmakers did not understand the mini-constitution drafted for post-1997 Hong Kong.

Attending the National People's Congress Standing Committee meeting as an observer, Miss Liu said some NPC members found it hard to distinguish between the right of abode and citizenship.

"Some also did not understand the provisions concerning the scope of jurisdiction for post-1997 courts in Hong Kong," she said after the third day of the Standing Committee meeting.

She will deliver a speech at the full meeting of the NPC next week.

Meanwhile, a Chinese legal expert yesterday poured cold water on Hong Kong student lobbyists in Beijing.

Mr Shao Tianren said it was unlikely the Standing Committee would amend the Basic Law in a hurry.

He said Chinese legislators had no intention to amend the post-1997 mini-constitution for Hong Kong in the space of a few days.

Four Hong Kong university students are in the Chinese capital lobbying for a revamp of the Basic Law.

Mr Shao said it would be hard for the Standing Committee to randomly amend the draft.

#### Autonomy Issue Discussed

HK1902044889 Hong Kong SOUTH CHINA  
SUNDAY MORNING POST in English  
19 Feb 89 p 2

[By Chris Yeung in Beijing]

[Text] Top Chinese legislators involved in discussions on the Basic Law draft yesterday reiterated that Hong Kong should maintain a high degree of autonomy after 1997.

Some members of the National People's Congress Standing Committee said Beijing should minimise its control over local affairs in order to fully implement the policy of Hong Kong people ruling Hong Kong after 1997.

One legislator also warned that mainland cadres who were extreme leftists should not be given responsibility for Hong Kong affairs after 1997.

The comments were made during discussion on the 159-article Basic Law draft and on the problems facing the territory, such as the shift of local investments to overseas countries.

A member of the 135-strong Standing Committee, Mr Xu Jiatun said: "Most of the delegates of our group say Beijing should give a high degree of autonomy to Hong Kong people. They should be given more powers."

"They maintain Hong Kong is also part of China and any additional powers given to locals will not go to foreigners."

"Others who are in the minority, however, criticised some of the present provisions as being too lenient. They said Beijing had been already given too much power to the future Special Administrative Region [SAR]."

"They are entitled to their opinions. Like Hong Kong people, they also hold different views. But it is our established policy to give a high degree of autonomy to the future SAR. I don't think we will resume the powers we've promised to give."

"Most of them agreed the present draft could form the basis for discussion during the next round of consultation," said Mr Xu.

He declined to be specific on the provisions which delegates said were too lenient.

But sources say they could involve provisions on the political rights of expatriates, the final power of adjudication and the entry of mainlanders into the future SAR.

The call for greater autonomous powers to the future SAR has also been shared by many delegates in small groups meeting separately, including three local deputies, Mr Ng Hong-mun, Mr Cheng Yiu-tong, and Miss Liu Yiu-chu.

Mr Cheng, who is chairman of the left-wing Federation of Trade Unions, said: "The delegates are more open-minded. One member said too much control over Hong Kong would only bring about adverse effects which, in turn, might affect the four modernisations of China."

Mr Cheng also quoted a member as saying the concept of "one country, two systems", which is the brainchild of top leader, Deng Xiaoping, had not been clearly defined.

The delegate called for more study and information about the concept.

Mr Cheng said many delegates had also asked for more background on the arguments behind the lengthy draft, so that they could hold a more in-depth debate on the mini-constitution when it was tabled for a final approval next year.

Mr Ng, who is a school principal, said he had suggested that Beijing should have full confidence in Hong Kong people to build up mutual trust.

He said Hong Kong people were concerned about the next consultation exercise and suggested the NPC standing body issue details on the second round of talks, to dispel local uncertainties, before Tuesday's end of the present session.

Miss Liu said many delegates in the small groups that she attended had grilled drafters over the failure of locals to reach consensus on the post-1997 political framework.

The standing body was concerned about the split within the community over the future political system, she said.

In addition to the Basic Law draft, the standing body also discussed draft legislation on a judicial review of administrative acts by Chinese executive authorities, as well as a set of standing orders for the NPC.

**XINHUA Chief Supports Autonomy**  
*HK1902034889 Hong Kong SUNDAY STANDARD  
in English 19 Feb 89 p 2*

[Text] Most Chinese legislators agree that Hong Kong people should be granted a high degree of autonomy, top Chinese representative in Hong Kong, Mr Xu Jiatun, said yesterday.

Mr Xu was speaking after attending the group discussion session of the Standing Committee of the National People's Congress (NPC), China's lawmaking body, of which he is a member.

The committee was examining the draft Basic Law submitted by the Basic Law Drafting Committee, as part of its agenda.

"Only a few members thought that some provisions granted too much power to the Hong Kong people," Mr Xu told reporters in Beijing.

He said most of them would like to see Hong Kong people enjoying a high degree of autonomy.

Mr Xu said it was unlikely legislators would limit the power already granted to Hong Kong.

Meanwhile, three Hong Kong observers said legislators could not grasp the full picture of the political debate on the Basic Law.

Attending the meeting as observers, the three Hong Kong deputies to the NPC yesterday said Standing Committee members needed to be supplied with more information before they approved the draft next year.

They believed legislators were interested but ill-informed on the issues of the Basic Law debate.

"They know there are debates but they don't know what Hong Kong people are arguing about," the deputies said.

"It would help the legislators a lot if they were provided more information about the political debate," said Mr Cheng Yiu-tong who attended the group discussion session.

Standing Committee members will give final approval of the Basic Law next year.

Another Hong Kong deputy, Mr Ng Hong-mun, said members of his group were concerned about the brain drain and malpractices by China-funded companies in Hong Kong.

**Future Basic Law Consultations Viewed**  
*HK1902034689 Hong Kong SUNDAY STANDARD  
in English 19 Feb 89 p 2*

[Text] Mainland drafters face intense lobbying from Hong Kong people during the second consultation on the Basic Law.

The Executive Committee of the Basic Law Consultative Committee (BLCC) will send a delegation to Beijing next month to work out with the drafters how the second consultation should be carried out.

It is expected that the committee representatives will also make a request for more drafters to come to Hong Kong so that locals can lobby them on certain positions.

This was one of the decisions made yesterday during a BLCC Executive Committee meeting.

The draft Basic Law, significantly revised after a series of meetings of drafters over the past three months, is to be released on March 21, a BLCC vice chairman, Mr Lee Kai-ming, said yesterday.

Briefing the press after the meeting, Mr Lee said the main thrust of the second consultation would be to lobby support from all drafters on ideas which have widespread support in Hong Kong.

The chapter on the political structure in the Basic Law was expected to be the focus of debate and discussion.

Mr Lee said his committee erred by concentrating on lobbying drafters in the political structure subgroup during the first consultation.

Members of the subgroup constituted less than half of the drafters, he said.

The committee paid little attention to other drafters who held equal voting rights when the draft was passed.

This resulted in most drafters being ill-informed on the debate and proposals of the political blueprint, as evidenced by a large number of abstentions when drafters approved the 170 provisions last month.

"We want more mainland drafters to come more frequently and stay longer in Hong Kong during the second consultation," Mr Lee said.

The BLCC thought direct contact with local people would greatly help the drafters understand the debate in Hong Kong.

Mr Lee said the BLCC would take the initiative to pull all groups together before lobbying the drafters.

He expected the second consultation to cost \$5 million, if a poll was not conducted.

**PRC Spokesman Cited on Vietnamese Refugees**  
*OW1702182789 Beijing XINHUA Domestic Service in Chinese 1435 GMT 17 Feb 89*

[ "Local Broadcast News Service" ]

[Text] Beijing, 17 Feb (XINHUA)—A XINHUA reporter called on Li Zhaoxing, director of the Information Department of the Chinese Foreign Ministry, to discuss the issue of Vietnamese refugees in Hong Kong.

Li Zhaoxing said: "According to Hong Kong press reports, a recent investigation among Vietnamese boat people in Hong Kong conducted by Vietnamese Government officials shows that only a few of them are willing to be repatriated. We are worried about this."

He said: The consistent stand of the Chinese Government is that the British Government has the responsibility of taking effective measures to solve the problem of Vietnamese refugees in Hong Kong before 1997. If this problem cannot be solved in time, it will affect the smooth transfer in 1997 and will cause an undue burden on the future government of the Hong Kong Special Administrative Region.

Li Zhaoxing pointed out: "According to the relevant provisions of the Sino-British Joint Declaration on the question of Hong Kong, the Vietnamese refugees and boat people in Hong Kong and the children they give birth to there should not have the right of residence in Hong Kong. The Chinese Government has already expressed its position to the British Government through diplomatic channels, and will continue to consult with the British Government on this issue through the proper channels."

**Further on Spokesman's Remarks**

HK1802042389 Hong Kong HONGKONG STANDARD  
in English 18 Feb 89 p 3

[By Ma Miu-wah and Pamela Ngai]

[Text] China, which is concerned about the small number of Vietnamese boat people willing to return home, yesterday repeated its warning that the issue had to be resolved before 1997.

Foreign Ministry spokesman, Mr Li Zhaoxing, was quoted by the XINHUA news agency as saying that failure to resolve the issue could harm the smooth transfer of power in Hong Kong.

China's prompt reaction to the visit of a Vietnamese four-man delegation to Hong Kong to issue travel documents to Vietnamese wanting to go home, indicates how closely Beijing is monitoring the issue.

"The Vietnamese Government has sent a delegation to Hong Kong to check the list of boat people who have volunteered to go home," Mr Li said in Beijing.

"But China is worried by the fact that only a small number of these people are willing to be repatriated."

The spokesman stressed that the British Government must solve the problem before 1997 or it "will affect the smooth transition and place a burden on the future Special Administrative Region of Hong Kong, if it is not solved in time".

Mr Li said the boat people and their children born in the territory would not obtain the rights of Hong Kong citizenship after 1997 under the Joint Declaration.

His remarks yesterday appear to be an attempt to show that China is not willing to let Britain off the hook.

In a regular press briefing two days ago, Mr Li made no mention of the role of the British administration in solving the problem before 1997. He said the ultimate solution rested with the co-operation of the Vietnamese Government.

His second appearance in two days in the form of an interview with the official agency, was seen as an attempt to avoid the impression that China has softened its stand that Britain should be accountable.

Meanwhile, members of the Executive and Legislative Councils yesterday discussed issues arising from an Omelco [Office of the Members of the Executive and Legislative Councils] Security Panel report on the management responsibility of open refugee centres.

At an in-house meeting, some members expressed concern about the possible emergence of problems such as who should be responsible for the medical and health at the centres. [sentence as published]

Members were presented with copies of two letters that the senior member of the Executive Council, Dame Lydia Dunn, wrote to British Prime Minister Mrs Margaret Thatcher and Minister of State at the Foreign Office, Lord Glenarthur.

The letters were replies to Britain's offer to increase its intake of refugees from Hong Kong to 1,000 a year, provided other countries did the same.

Dame Lydia wrote that Omelco members were "extremely disappointed that the British Government have found it necessary to attach conditions to their offer of an increase...."

She stressed that the refugee problem was causing friction and tension.

**Hong Kong Government Statement**

HK1802044289 Hong Kong SOUTH CHINA  
MORNING POST in English 18 Feb 89 p 3

[By Fiona MacMahon]

[Excerpts] The first group of Vietnamese refugees to leave Hong Kong voluntarily will be settled near the northeastern town of Hong Gai when they leave next month, a Vietnamese official said yesterday.

A ministerial group is in Hong Gai, which is in the refugees' home province of Quang Ninh, to make preparations to receive them, the assistant director of the province's external relations department, Mr Tran Xuan Nguen, said.

"The former refugees will be accommodated with their families, and we will try to find them work, which is not easy," he said.

"Initially these people will receive material aid from the United Nations High Commissioner for Refugees (UNHCR)," he said, emphasising that there would be no reprisals or discrimination against the returnees. [passage omitted]

Meanwhile, a further 70 Vietnamese boat people were picked up by Marine police in a boat yesterday.

Britain has reiterated its intention to resolve the Vietnam refugee question well before the 1997 sovereignty changeover, in response to a Chinese Foreign Ministry spokesman who expressed Chinese anxiety over Hong Kong's handling of the issue. [passage omitted]

In a statement issued last night, the Hong Kong Government said the Foreign Secretary, Sir Geoffrey Howe, had told the Parliament on February 8 of the British position.

**XINHUA's Xu Jiatun Cited**

*HK1902035089 Hong Kong SUNDAY STANDARD in English 19 Feb 89 p 2*

[By Agnes Cheung, Helen Lam, and Ma Miu-wah]

[Text] Chinese officials yesterday kept up their barrage for a solution to the Vietnamese boat people problem before 1997.

Attending a meeting of the Standing Committee of the National People's Congress in Beijing, Mr Xu Jiatun took his turn at expressing doubt about the problem and urging a quick solution.

But the XINHUA news agency Hong Kong branch director welcomed the Government's promise that boat people would not obtain Hong Kong citizenship.

However, Mr Xu said China was worried only a small number of boat people were willing to return to Vietnam.

Mr Xu's comments mark the third consecutive day Chinese officials have commented on the problem.

A Foreign Ministry spokesman, Mr Li Zhaoxing, said on Thursday that the British Government might pass on an unnecessary burden to the post-1997 government.

If the boat people were not properly settled, it might affect the smooth transition in 1997, he said.

He rejected a British suggestion that policies regarding Vietnamese boat people were a matter for the Hong Kong Government.

In Hong Kong, Executive and Legislative Councillor Mrs Rita Fan yesterday urged Britain to work out solutions with other countries at the United Nations conference on refugees in June.

She said the refugee problem could be solved before 1997 only with the co-operation of the British Government.

Mrs Fan said China's attitude was understandable because it did not want the burden transferred.

She hoped solutions could be worked out at the Geneva conference on Indo-Chinese refugees in June.

"Hong Kong is still a British dependent territory. We have to rely on the British Government to help solve the refugee problem here," she said.

Mrs Fan said the Legislative Council's [Legco's] security panel would voice its opinions to the British delegation which would participate in the conference.

And the senior member of the Legco, Mr Allen Lee, yesterday said it would be hard for the Finance Committee to endorse allocating public funds for repatriation expenses.

Mr Lee said he had told the Government of the situation faced by the Finance Committee.

"It is well known that there are strong feelings among some Legco members as far as using Hong Kong taxpayers' money to pay for the repatriation is concerned," he said.

He said the problem was not only financial, but social and had policy implications which would create political problems for Hong Kong.

Mr Lee said the world had been given a clear indication that the refugee problem was troubling Hong Kong and had to be solved as soon as possible.

He was responding to a Chinese Foreign Ministry official's comment on Friday that the smooth transfer in 1997 would be affected if the refugee problem could not be solved before then.

He said the Government would stick to its policy of repatriation of Vietnamese boat people.

**British Policy Criticized**

*HK1902044689 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 19 Feb 89 p 2*

[Text] The British Government yesterday faced mounting pressure to reach a solution to Hong Kong's refugee crisis.

Executive and Legislative Councillor Rita Fan Hsu Lai-tai said Britain should show action rather than words, while China's top representative in Hong Kong, Mr Xu Jiatun, reaffirmed Beijing's stance that the UK should take responsibility for the problem.

Legislative Councillor Mr Allen Lee Peng-fei also called for the Legislative Council [Legco] to debate the territory's policy on Vietnamese boat people and the cost of their upkeep, including whether the British Government should contribute towards expenses.

Mr Lee said Legco members felt strongly about using taxpayers' money to look after the Vietnamese, but the issue had only been addressed during the council's question-and-answer sessions.

Mrs Fan said she expected the Vietnamese problem to be raised when the Governor, Sir David Wilson, meets British Prime Minister Margaret Thatcher later this week.

She said she would expect Britain to co-operate more by increasing the intake from Hong Kong and by sharing the cost of maintaining the Vietnamese camps to show its commitment to Hong Kong.

Mrs Fang said yesterday she also backed China's stance that the Vietnamese problem should be solved before 1997.

"China has got the right to say this because, in 1997, sovereignty will be transferred back to China and if Beijing does not wish to deal with the Vietnamese refugee and boat people problem, then it is appropriate it should make this very clear before the actual hand-over takes place," said Mrs Fan.

"Britain should be doing what it has been saying it has been doing all along. And that is, to try to persuade other resettlement countries to take refugees from Hong Kong.

"Secondly, to try to set an example by accepting more refugees from Hong Kong without condition, and thirdly, to work out an arrangement for voluntary and involuntary repatriation with Vietnam," she said.

Mr Xu, who is in Beijing for the sixth meeting of the seventh National People's Congress Standing Committee meeting on the Basic Law, also expressed grave concern over some of the measures being taken by the Hong Kong Government and hinted they might not be able to solve the problem before 1997.

His remarks echoed a statement issued by the Chinese Foreign Ministry on Friday. In an interview in Beijing, ministry spokesman Mr Li Zhaoxing said a recent investigation among Vietnamese boat people in Hong Kong by Hanoi officials had shown that only a few were willing to be repatriated.

"We are worried about this," he said, adding that further consultation would be held between China and Hanoi.

Beijing had already expressed its position to London that, according to the Joint Declaration, Vietnamese refugees and boat people staying in the territory and the children they give birth to should not have the right of residence in Hong Kong, he said.

It has been learned that China is concerned about policies such as voluntary repatriation, screening and the open camps.

Mr Xu, head of the Hong Kong branch of the NEW CHINA NEWS AGENCY, said: "Our position is clear and consistent. We hope the issue will not be dragged beyond 1997....We're worried about the effects of some of the measures adopted."

Senior Executive Councillor Dame Lydia Dunn has written to Mrs Thatcher and the British Minister of State with special responsibility for Hong Kong, Lord Glenarthur, expressing the territory's disappointment and surprise with British's position on the Vietnamese refugee problem.

In letters sent last month, Dame Lydia reportedly said Hong Kong Legislative councillors were disappointed that the British Government was putting conditions on its acceptance of more refugees. The British Government, she said, had a responsibility to take the lead in resettlement.

In her letter to Lord Glenarthur, Dame Lydia reportedly urged the minister to use his political influence to ensure that all Vietnamese refugees and boat people in Hong Kong could leave the territory within three years.

#### Governor Departs for UK; To Meet Officials

HK1902044489 Hong Kong SOUTH CHINA  
SUNDAY MORNING POST in English  
19 Feb 89 2

[Text] The Governor, Sir David Wilson, leaves for Britain late tonight for meetings with Prime Minister Mrs Margaret Thatcher and other ministers and officials.

Sir David has requested the meeting with Mrs Thatcher so he can brief her on developments in Hong Kong over the past two years.

This will be Sir David's first briefing with Mrs Thatcher since he became Governor of Hong Kong in April 1987. It comes at a time when a number of issues have stirred considerable debate in Hong Kong and London over Britain's level of commitment to the territory in the run-up to 1997.

Sir David is scheduled to meet Mrs Thatcher at 10 Downing Street at 5 p.m. on Wednesday [22 February]. He also will meet the Foreign Secretary, Sir Geoffrey Howe; the Minister of State with Special Responsibility for Hong Kong, Lord Glenarthur; and other ministers and officials of the Foreign and Commonwealth Office.

He returns to the territory next Sunday [26 February].

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